

JPRS 82326

26 November 1982

Latin America Report

No. 2611



FBIS

FOREIGN BROADCAST INFORMATION SERVICE

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LAGOVEN INCORPORATES LARGE AREA OF HEAVY CRUDE OIL

Caracas EL UNIVERSAL in Spanish 14 Oct 82 Sec D p 10

[Text] LAGOVEN has justed incorporated a new area into national oil production, with the initiation of work at the West Urdaneta Field, on the western shore of Lake Maracaibo.

This new oil, coming from an area developed since the industry's nationalization, is being combined with the product from the traditional fields that this operating entity, a branch of Venezuelan Petroleum, has been exploiting in that lake region historically.

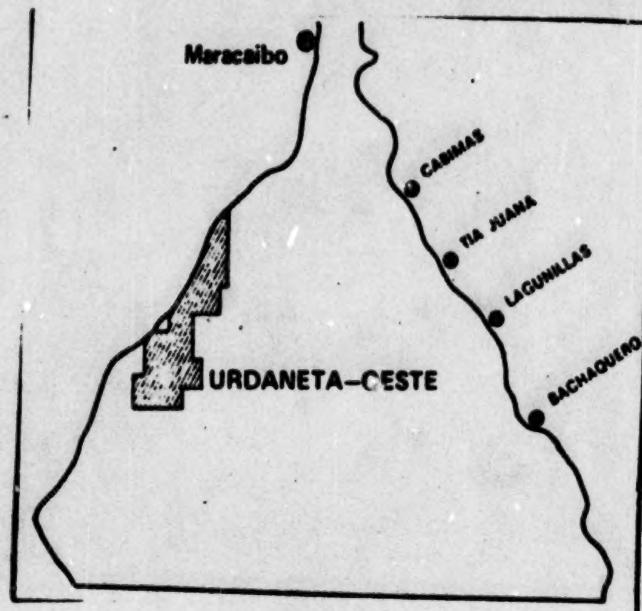
According to a report from LAGOVEN, the new deposit will produce over 30,000 barrels of crude per day by the end of this year, and slightly under 170,000 barrels per day by 1987.

The vast reserves in the West Urdaneta Field are for the most part 12 degree API heavy crude, located in the Oligocene Eocene sandstones of the Urdaneta 1 deposit, at a depth of 2,500 meters.

For several years, LAGOVEN tested different methods for producing this type of crude, and developed a technique for the artificial raising of gas especially for this type of heavy hydrocarbon.

This oil is pumped to the Ule and La Salina tank yards, from which it can be exported or shipped for processing to the Amuay Refinery, in Paraguana.

To develop the Urdanete 1 deposit, during the first phase, 380 wells, nine stations, crude and gas collection systems, systems for distribution of diluent, and for high pressure gas compression and distribution, as well as an electrical system, are required. This program calls for an investment of approximately 3.5 billion bolivares.



New Heavy Crude Area in the Western Part of the Lake

2909
CSO: 3348/80

ANDEAN GROUP ANNOUNCES MORE ECONOMIC SUPPORT TO BOLIVIA

La Paz HOY in Spanish 10 Oct 82 p 9

[Text] Edgar Moncayo Jimenez, Colombian coordinator of the Cartagena Accord group [JUNAC], stated that that technical organization will double its effort to help Bolivia overcome its economic crisis while the democratic processes are being restored.

He told HOY that JUNAC has a department dedicated to providing assistance to Bolivia which will "redouble its assistance efforts in close cooperation with the government in a determination of the short- and medium-term needs of that country's economy."

It was necessary for the technical organization of the subregion to "become the coordinator of the efforts that other international agencies will make on behalf of Bolivia.

"We are completely prepared to put our entire executive infrastructure to work during Bolivia's period of economic recovery," he emphasized.

He explained that several projects are now in existence which will be carried out as quickly as possible so as to have a beneficial effect on the social and productive development of the nation.

Democracy and Consolidation

Moncayo indicated that the development of democratic governments in the five countries of the Cartagena Accord will permit consolidation of Andean integration and the introduction of an ambitious program of new activities and goals.

Moncayo arrived in La Paz yesterday to attend the inauguration of Bolivia's new leaders. He was accompanied by Pedro Carmona and Edgar Millares, two members of the subregional technical organization.

"If the integration process is to be primarily an economic one, then as a minimum its progress and consolidation has to be identified with the political structure of the governments and the new democratic goals," he said.

Within this concept he stressed that the introduction of democracy in Bolivia would without doubt give an important impetus to the Andean integration process.

The Andean Pact originated with the signing of the Cartagena Accord on 29 May 1969. Countries with de facto governments such as Ecuador, Peru and Bolivia have gradually returned to a constitutional life.

The JUNAC coordinator stated that this emphasizes the need for democratic government in these Andean countries "so as to revitalize the integration process which has been pursued so zealously in the past 2 years."

8146

CSO: 3348/55

BOLIVIAN FARMERS, URUGUAYAN FIRMS SIGN BARTER ACCORD

La Paz HOY in Spanish 10 Oct 82 p 6

[Text] Santa Cruz agricultural producers agreed with Uruguayan firms to barter soy and corn for wheat flour. At the same time they hope the price of wheat will stabilize so that a certain volume of wheat can be released to the market-place and partially resolve the scarcity.

Barter

According to information provided by the Ministry of Peasant Affairs, representatives of the corn and soy producers had negotiated some time ago with the Uruguayans for barter of their products.

In one of their latest trips to Uruguay the national producers commission agreed to barter 5,000 tons of soy and 1,690 tons of corn for an almost equal quantity of wheat flour.

They say that the merchandise will be in Santa Cruz soon, which will alleviate the shortage of that product to some extent.

However, the poultry producers, particularly in the department of Cochabamba, are being affected by this commercial maneuver because it will cause a scarcity of poultry feed. In one respect it aggravates the scarcity of corn which is presently being felt in the domestic market, and also causes a disproportionate increase in prices. In addition, since only the flour is being imported, the wheat by-products such as bran, which are also used as poultry feed, are lost.

Production

The Santa Cruz farmers are said to have warehoused a wheat crop equal to their 1982 harvest. This year they planted approximately 5,000 hectares of winter wheat in Santa Cruz Department.

Counting on an average yield of approximately 1,000 kg per hectare, they are expecting 5,000 tons, half of which is already harvested and the remainder to be completed.

However, it is impossible to market the wheat as the prices have not been adjusted. As soon as this takes place they say they will put it on the market.

8146

CSO: 3348/55

GUATEMALA DISCONTINUES CATTLE EXPORT TO MEXICO

Guatemala PRENSA LIBRE in Spanish 20 Oct 82 p 4

[Article by Magda Martinez, BOHEMIA Economica Section]

[Text] The measure was motivated by the difficult Mexican economic situation.

Julio Matheu Duche, minister of Economy, yesterday told PRENSA LIBRE that Guatemalan tanners may be at ease regarding the availability of raw material (animal hides) because cattle are not being exported to Mexico for various reasons.

He added that cattle are not being exported to Mexico owing to Mexico's difficult economic situation.

"In addition, one must bear in mind that, in connection with its balance of payments, Mexico has also prohibited the importation of cattle from Guatemala, Costa Rica, and the United States. I therefore believe that Mexico cannot make similar exportations, at least for about 6 weeks, or much longer.

"Mexico is one of our good clients, but we are a much better client of Mexico, because we buy its oil, and therefore the trade balance is favorable to that country. Nevertheless, our exportation to Mexico amounts to 60 to 70 million, but it has been at a complete standstill since the devaluation of the Mexican peso and the control of foreign currency."

"One of the most serious problems," he added, "is the exportation of our cattle. That is why I have had several talks with Dominguez de la Vega, my counterpart in Mexico, who has manifested his complete agreement with regard to our establishing with utmost speed the possibility of discharging debts made to Guatemala for sales that we make to Mexico within the compensation agreement that we have with that country."

"In which case," Matheu continued, "we could deduct from their oil invoice to us payments that they would have to make in Mexican pesos and therefore we could pay our exporters for Mexican importations in quetzals."

"All the same, since Mexico is in a period of governmental transition, while
De la Madrid takes possession, we see that, despite Dominguez de la
Vega's willingness, the fulfillment of this provision is proceeding very
slowly."

8255
CSO: 3248/213

BRIEFS

ARGENTINA'S DEBT TO BOLIVIA--At a media interview Engineer Arturo Cabrera, manager of YPFB [Bolivian Government Oil Deposits], said that Argentina has owed our country 92 million dollars since last April for the sale of natural gas. The last invoice was dated March. According to this information Argentina has not kept up with payments for the last 6 months. This has resulted in serious economic problems for the industry which is verging on the worst crisis in its history. Necessary measures are being taken to collect the account. Concerning the new drilling equipment acquired by YPFB last year from the Mexican Iron Works, the authorities said that the two pieces of equipment are now in the city and are in the process of being set up and tested after which they will be transported to the camps to be used in the drilling project planned for that department. Finally, he said that the two contracts for measuring gas reserves in the northern section of Santa Cruz cannot be withdrawn as the workers had requested because the projects are funded by the Inter-American Development Bank and the World Bank and the firms are committed to execute the terms of their contracts to their conclusion. [Text] [Santa Cruz EL MUNDO in Spanish 8 Oct 82 p 6] 8146

CAF CREDIT TO BOLIVIA--The Andean Development Corporation [CAF] plans to provide an estimated 25 million dollars in economic assistance to the country. It will be aimed at the recovery of Bolivia's industrial sector. Additionally, it was announced that a line of credit will be opened for the reactivation of projects. The announcement was made by the president of that organization, Jose Corsino Cardenas, who is in Bolivia for the inauguration of the new government. Corsino Cardenas said that CAF was the first organization to offer help to the new constitutional regime of Bolivia. He also said that the Andean Development Corporation administers projects involving approximately 100 million dollars in the areas of agroindustry, mining and the physical sciences. CAF's activities in 1983 and 1984 will be focused on these areas "according to the priorities established by the Government of Bolivia." He also said that CAF will maintain close contact with the Inter-American Development Bank so that the programs being coordinated by both institutions can provide effective assistance to Bolivia. [Text] [La Paz HOY in Spanish 11 Oct 82 p 20] 8146

CSO: 3348/55

EFFECTIVENESS OF INTER-AMERICAN SYSTEM REVIEWED

Bahia Blanca LA NUEVA PROVINCIA in Spanish 27 Oct 82 p 2

[Commentary by Sergio Ceron: "Does Latin America Exist?"]

[Text] "Latin America?" "It does not exist." This comment, heard from a former Argentine ambassador to the United Nations at a meeting of friends, sounds like a judgment etched in stone against those who firmly believe that the time for continental unity has come. It is not surprising that this kind of thinking should occur in the minds of those trained in the old school of Argentine diplomacy, subject to the influence and psychological control of Great Britain and the United States, who cannot, with their mental inflexibility, conceive of the strategic modifications prompted by the changes that have taken place in the world. The odd part of it is that these admirers of Disraeli cannot understand that Argentina has permanent interests, and that it must select its alliances on the basis of them.

Another assertion heard in the drawing rooms of Western diplomats in Buenos Aires is that "10 poor will never make one rich." This is only partly true, because 10 poor that are united, are in a position to change the groundrules imposed by the rich on each one of them, when the relationship is bilateral. And it is also true that the sum of efforts, based on cooperation and the putting into effect of a common enterprise, can turn 10 developing nations into a more important geopolitical and geoeconomic unit than the initial sum of each one of them. The example of the European Economic Community is close in time, and fixed in the memory of the generation over 40 years of age.

These reflections are pertinent when one notes, in Western diplomatic circles and among the Argentines who are accustomed to attending their evening parties and visiting the offices of the embassy officials, an offensive aimed at cutting this strong umbilical cord which, with a common placenta, is nourishing the 20 states of Latin America that appear ready to seek their own destiny.

The proposal is based upon spurious grounds: It seeks to put into antagonistic opposition the inter-American system (the one prevailing before 28 April, the date of the United States' vote in the OAS against nearly all the rest of the continent) and the Latin American system, which we observe in a complete process of gestation.

And so we can observe the effort made in Washington by the Argentine, Alejandro Orfila, with the approval of the North American "establishment," to hold a conference

of 31 presidents from all over America, with the number made up, in submissive obedience to the dictates of Great Britain and the United States, by the group of Caribbean ministates culturally trained by the British mother country, whose political and economic interests are far closer to the Commonwealth than they are to America. With the cards played in this manner, the conference is doomed to failure and to the centrifuging of its members, because Latin America, or at least a considerable portion of it, will go to the meeting to voice its complaints and frustrations in a disconnected, disrupted way.

Must we condemn the inter-American system to death? This is the extreme position of those who want to protect themselves in Latin America, like one who cloisters himself at home out of fear of facing the risks of daily life. This option should by no means be offered. The sound approach, the really constructive one, is recognition, within the continent, of three political systems: 1) the United States; 2) the Caribbean system, united with the Anglo-Saxon world; 3) the Latin American system, with its own well-defined interests, which may be quite compatible with the former, so long as there is good sense and understanding on the part of the Western superpower. Washington must realize that the time of Theodore Roosevelt's "big stick" had ended, and so has even the underestimating paternalism of John Fitzgerald Kennedy's Alliance for Progress. Today, it is a matter of talking with nations which have suddenly acquired a state of maturity and which are beginning to see their common interests appear clearly.

Hence, if the inter-American system is set up on the basis of recognition of these three areas, then it will find the path to its fulfillment and consolidation. If this is not the case, even though those who slyly ask whether "Latin America exists" may predominate temporarily, the force of events will lead to a confrontation that will be more painful and destructive as unsolved problems and unheard demands are added.

The Meeting in Cartagena

As a result of the position assumed by the United States and Europe in the Malvinas war, Latin America has just discovered that, although it is Western by heritage and culture, it is located in the Southern Hemisphere, and that this reality forces it to devise its own strategy toward the Northern powers (located to the East or West) which are attempting to impose on the peripheral nations groundrules that will lead them into submission and will steep them in underdevelopment.

And it has also gained awareness of the fact that, in the struggle to establish a new, more just, world order, its allies are not to be found in old mother Europe, but rather in Africa, and the Near and Far East. In the so-called "Southern Hemisphere," owing merely to its position opposite the North, where the great industrial powers are located, there has arisen the need to establish a dialog that will lead to a common position for defending its right to live in dignity, without having its natural and human resources absorbed by the suction cone comprised of the nations with relatively greater progress.

There is much to be done, starting with the need for cooperation within the Southern Hemisphere to establish an economic system included in the great international order, for the purpose of strengthening the developing countries.

As a kind of revelation, we Argentines discovered in April that we shall never again be isolated in the world if we are willing to be faithful to the fraternal Latin American solidarity; and that, in addition, our status as Western and peripheral to Europe has submerged us in a political, economic and cultural space called Latin America. We are Latin Americans, and not an expatriated offspring of the Old Continent.

Enders-Costa Mendez Argument

On 30 September, at the meeting of the Inter-American Press Society in Chicago, the assistant secretary of state of the United States, Thomas Enders, claimed that, despite the position assumed by his country in the OAS, the inter-American system requires no change whatsoever.

Nicanor Costa Mendez (we would do well to recall) maintained at the time that the great lesson from the southern conflict was that the United States and Latin America have different interests and goals. Therefore, either within or outside of OAS, Latin America must create procedures for expressing its opinion on the major international situations.

The former Argentine minister declared that the United States had made two big mistakes: the application of sanctions against Argentina, which were not called for either in the UN Charter, or in that of OAS, or in the TIAR; and the backing for Great Britain, to which it offered military aid for its forces operating in American territory.

In short, the Malvinas war has as a final consequence the unity of Latin America against European aggression and North American complicity. This fact, a real, concrete one, beyond all dispute, requires a reexamination of the inter-American system.

On 8 August, the president of Colombia, Belisario Betancur, who changed his country's position in America with a 180-degree shift (it had abstained on 28 April, when Turbay Ayala was governing), met with his Venezuelan colleague, Luis Herrera Campins, and later cited the need for rebuilding the inter-American system, which had been left so battered after the Malvinas war that it ran the risk of "dissolving before our astonished and impassive gaze."

Betancur offered the city of Cartagena de Indias for a summit meeting of Latin American heads of state, in this way accepting the proposal made on 12 March by the president of Uruguay, Gregorio Alvarez. The idea assumed more substance once the southern conflict had erupted, in view of the North American stance. On 27 July, the president of Panama, Aristides Rojo, and the president of Venezuela, Luis Herrera Campins, in Caracas, demanded a change in the inter-American system to improve the mechanisms for the security and defense of the region, whose weakness was clearly evident as a result of the Anglo-Argentine confrontation.

The Panamanian president went so far as to say, at the time, that, "Cuba should attend that conference of Latin American foreign ministers, while the United States should stay away." His colleague, Herrera Campins, in turn, declared: "When Argentina tried to consolidate its right to sovereignty over the Malvinas, the continent received the offensive of a colonialism which we had considered to be in its death throes."

Shortly thereafter, an internal coup ousted Royo. Observers saw Washington's hand in that incident, since it was hardly willing to tolerate positions such as those voiced regarding Cuba. But the fact was that, finally, all of Latin America, including Cuba and Chile, Nicaragua and El Salvador, with the signature of the Mexican, Jose Lopez Portillo at the top, submitted to the United Nations the document demanding the holding of negotiations for restoring the sovereignty over the Malvinas Islands to Argentina.

Does Latin America exist or not? The answer is implied in our brief summary of facts; but, in the future, it will have a broader base, because if the political desire of the leaders and peoples occurs in the meantime, Latin America will be a new pole of political power in the contemporary world.

2909
CSO: 3348/73

SECURITY MECHANISM URGED TO PRESERVE SOUTH ATLANTIC

Bahia Blanca LA NUEVA PROVINCIA in Spanish 4 Sep 82 p 2

[Editorial: "The South Atlantic in the Future"]

[Text] There is no doubt that, underlying the conflict over the Malvinas, is the issue, which cannot and should not be overlooked, of presence and domination in that region, the South Atlantic region. In other words, besides the qualities of a national demand associated with the honor and integrity of Argentina, it has an all-important geopolitical and strategic dimension which must not be forgotten, because such an attitude would mean losing perspective in the historical and geographical areas.

The South Atlantic has just entered history, and it has done so through a process which, of course, has not reached its culmination. At present, it is a topic of interest, concern and speculation among strategists and staffs in many nations of the globe. To continue using figurative language, the fact is that it has become increasingly differentiated as a region, particularly since the post-war period.

Up until that time, the West (the United States) had only concerned itself with the programming of a defense-offense system for the Northern Hemisphere, where the major, militarily decisive, industrialized zones are located; to the point where the boundaries of the NATO Treaty extended only as far as the Tropic of Cancer, and the northern border of the South Atlantic was an imaginary line extending from the mouth of the Amazon to Equatorial Guinea, in Africa. In this way, there occurred an increasingly deep and definitive hiatus, with the result (noticed only at the middle of the 1970's) that a genuine power vacuum was created around the two borders of the region, the Western one in South America and the Eastern one in Africa.

This situation was possible because, up until now, the region has lacked an appropriate, organic, generalized, security mechanism. Africa does not have one, among other reasons because of the isolation in which South Africa is submerged; and America has one, only partially, with a relative zone based on alliances, such as those associated with TIAR, Veritas, Unitas, Atlantis and COLCO, the latter relating to ocean communications, etc. But, of course, no one like Argentina could have any illusions about the efficacy, sincerity and enforceability of these agreements; because they were thought up and programmed to meet other requirements. Hence, only in a very precarious sense could it be thought that South Atlantic America (which

includes not only the maritime countries, but also those comprising its basins, such as Bolivia and Paraguay) is part of a security zone which, in turn, contributes to the defense of the West.

The movements which took place in the context of the cold war gave rise to changes in the boundaries of both worlds and, more or less unintentionally, the East-West conflict was transferred to the Southern Hemisphere. The advent of new African states, such as Angola, Guinea-Bissau, the Congo and Equatorial Africa, which enlisted under Communist influence, introduced a destabilizing element into the equilibrium that had been so painfully achieved. To be sure, it was not the only factor which upset this equilibrium, but it was the one which aggravated the confrontation, when the West found that it was running the risk of losing control of a region, such as the South Atlantic, which was assuming more importance by the minute, and which was becoming increasingly difficult for it to use to offset the influence that it had lost in the Indian Ocean as a result of the installation of a Soviet military super-base on the Arabian peninsula.

Under these circumstances, in a manner apparently unexpected by the NATO countries, including the United States, the Malvinas conflict occurred; one which, not having any precedent, nor reference point either, could only be resolved in the old imperial style of the Anglo-Saxon mother countries: by crushing the rebel which had broken the intra-bloc discipline. There is no difference at all between this mode of action on the part of London and Washington toward Argentina and the conduct shown nearly 30 years ago by the Soviet Union toward Hungary. A swift, forceful response system served to silence the dissident in each instance, and to bolster the hegemony.

Of course, this is not the first time that the United States has acted in this vindictive manner. Nicaragua, Colombia and Haiti, among others, could give their testimony to this during the present century. But, in the current situation, the problem has not been resolved for the Pentagon, although it may, indeed, have been for the White House, which is traditionally so frivolous about long-term strategy. Because it is still a fact that no one in Washington could consider either the under-belly of the United States (the Caribbean region), nor the "strategic rear-guard" (the South Atlantic), two key points in its security system, as a rear guard. There is an urgent need for all the parties involved in the conflict, either directly or indirectly, to find a solution that will preserve this space, which will not take long to become merged, in an overall military concept, with the North Atlantic. In that case, Argentina has a role to play.

2909
CSO: 3348/73

PERIOD OF TRANSITION TERMED VOLATILE

Buenos Aires LA NACION in Spanish 31 Oct 82 pp 10-11

[Article: "The Military Junta As a Vanguard"]

[Text] The Claw Handles

Up until this weekend, General Bignone's government appeared to be still enjoying a portion of moderately satisfactory confidence on the part of the Armed Forces.

Whether that portion will expand or disappear during the next few days is something very difficult to predict, in an atmosphere such as the one being experienced by the country, loaded with tension, perplexity and bad omens.

The fact is that at both the Casa Rosada and the command headquarters it is admitted that the situation is at a highly critical point; and hence, at least for once, the government circles succeeded in bringing themselves into line with a feeling widely shared by the most diverse sectors of the civilian populace.

A mere observation of the military authorities during the past few days showed the following situation: an increasingly active Military Junta, assuming increasingly vanguard positions, in contrast to an Executive Body virtually at a standstill in the political area, and exhausted by the circumstances, one might even say with a predisposition toward translating its fatigue into actions, if the evidence given by some close collaborators of the president is taken into account.

Perhaps at a calmer time, the political experts will prove the extent to which the members of the National Reorganization Process have been victims of the system of power which they themselves created: a very strong claw, the two handles of which, the Armed Forces and the National Executive Body (PEN), ended up by tyrannizing, fragmenting and annihilating that initial power with which the process was set up in 1976.

On the other hand, for the present there is no alternative other than to follow the course of the contradiction in action, embodied in personages of this last turn of the military regime who are caught by a machinery which at times might appear to be uncontrollable.

The Junta's Ungraspable Policy

On the one hand, during the past few days the Military Junta has displayed an obvious desire to exercise its authority, even undertaking to deal with relatively minor matters which, under any other circumstances, would have come within the jurisdiction of some ministry, and not that of the president of the nation.

This applies to the recent shutdown of a weekly publication ordered directly by the commanders.

On the other hand, General Bignone's government is treading a fine line between the pressures of the military front and those originating in the civilian camp; in the latter instance, with the exacerbating factor that the majority of the civilian leaders, whether intentionally or not, have embarked on the practice of a total opposition, wherein no political distinction is made between those giving orders and their agents.

With this outlook, one would have to say that, to date, the offensive of the Junta, as a decision-making level clearly distinct from the Executive Body, has not shown any signs of being a bearer of any other political concept different from that personified in General Bignone.

Consequently, that advancement by the supreme state organ to the front lines of the political battlefield could only be interpreted as a criticism, made with actions, not of the essence of the presidential management, but rather of the forms, the styles, the times and, possibly, the results accrued during its implementation.

In very general terms, it could be claimed that the Military Junta has, out of conviction or owing to the need of the present top-ranking military to survive, started to become more of a representative of the unrest and fears of the officers' cadres than the activating core of a particular political process.

The Executive Body, on the other hand, necessarily more closely linked with the real political country, and despite its obvious weakness, is still perhaps the most complete reflection of moderate military thinking, which observes in the country's institutionalization the only reasonable path for emerging from the crisis.

Two Kinds of Consciousness

In this respect, a quick dissection of the political maneuvering preceding the closing of the magazine LA SEMANA would appear to demonstrate the presence of that functional contradiction and, at the same time, the almost total absence of personal or ideological antagonism.

As has already been noted, the decision emanated from the Junta, among whose members, however, the concerns may not have been equal. For example, it has been learned that at least one of the commanders was not completely certain of the political effects of the measure.

Furthermore, the same doubt was brought up by an official with the political portfolio, when the time came to draft the whereas clauses of the pertinent decree. In

fact, the text shows the obvious concern with making the democratic persuasion of the transition government clearcut.

To summarize, the handling of that debatable incident attested to the coexistence of two kinds of consciousness: one devastating, with its gaze fixed on the internal front, ready to dust off the attributes of any *de facto* power; and the other, more sensitive to the dictates of the political reality, convinced that, in the last analysis, the effects of the measure would turn against the government's plan.

The prevailing impression in political circles was that the sector with the reflecting attitude lacked the necessary power to uphold its view to the end and, at the same time, keep its positions.

Game of Options

If this proves to have been an isolated incident without further consequences, and the public tension wanes over the next few days, perhaps there will occur a rapid balance between the two areas of power, and General Bignone may continue to govern with a certain amount of equanimity.

On the other hand, if this is only the beginning of an escalation of authoritarianism, and the atmosphere of indiscriminate denunciation, hatred and revenge continues to become heavier, the transition might soon embark on a comatose state.

Obviously, it is this latter prospect which most concerns the top-ranking military; to the point where, in some command, there may have begun the usual game of options foreseeable in the event of another institutional crisis.

According to the personal estimate of a high-ranking official, the following courses of action are to be precluded at present: surrender of authority to the Supreme Court, civilian transition government, appointment of another retired officer to hold the presidency and reshuffling of the cabinet, with the inclusion of representatives of opposition parties.

Hence, there remains only the possibility of the Junta's assumption of power and, in this event, as an unavoidable result, a key role for the Army's commander-in-chief, General Cristino Nicolaides.

In an instance of that kind, to which no calculation would give a chance of surmounting the political exhaustion of the military authority, the hypothesis of anticipating the surrender of the government would make sense to some extent.

The Status of the Agreement

Confronted with this situation, the civilian forces have taken their moderation to extremes, within the understandable line of opposition brought about by their respective internal dynamics.

This paper was told by the former head of the Chamber of Deputies, Dr Salvador Bussaca: "On constant occasions, and until very recently, the political sector has given

evidence of its desire for dialog, even at the cost of confrontations within its parties. I don't think that it can be asked to risk another disappointment. The time has come to carry forward the surrender of power, to prevent the situation from continuing to deteriorate until it reaches catastrophic limits. This would not prevent the government from making any proposal that it deems necessary; and I suppose that the parties will express their views regarding them."

The last comment, in particular, clearly indicates a door open for agreement, the basic guidelines for which are being arduously devised by the Military Junta.

Just yesterday, a high-ranking source affiliated with that entity remarked that there is not yet a definite date for the dissemination of those essential starting points. Those listening still had the question as to whether the time kept by the military authorities is the same that is shown, with increasing anxiety, on the majority of the civilian clocks.

So, it is relevant to set forth the basic guidelines for agreement proposed by Brigadier Hughes to the Junta.

It has been learned from sources close to the Air Force that the proposal includes two categories of issues: the first relate to agreements on directing the government's course of action until March 1984; the second would continue to last beyond that date.

The first category includes the following issues, among others: the Beagle dispute, the Electoral Law, likely constitutional amendments (duration of the presidential term and third senator), the Radio Broadcasting Law, features of the electoral convocation, handling of the foreign debt, 1984 budget, tax policy, etc.

Is There Possible Punishment?

The second category includes issues of greater political significance: the persons missing during the anti-subversive war, and the Armed Forces' inclusion in the future constitutional government.

Deliberately excluded from this latter list is the review of the policy decision which gave rise to the war in the South Atlantic. The source asks: "What could be done, now or later, in that respect? In a constitutional regime, a governing official can be subjected to a political trial by the Parliament, and the latter can even remove him from office. In this instance, even if the blame of the three commanders who intervened in the war could be proven, what could be done against them, when they are no longer in office?"

It would befit us here to explain that the Air Force reportedly upholds the view that the agreement should be made only with the political parties. On the other hand, both in the Army and the Navy, the notion of including the sectors (trade union, business owners, Church, etc.) in the agreement as well is said to prevail.

It is perhaps in that area that we would have to seek one of the political causes of the Junta's delay in announcing its guidelines, without failing to consider, of

course, that the heart ailment affecting the Army general secretary, General Ruiz, has been another deciding factor in the delay.

Disbanding the Campaign

Like the rest of the country, the officials of the Ministry of Interior are awaiting the military document with understandable suspense.

Meanwhile, a team from that ministry has started working on the study of possible bases for the agreement, and potential types of implementation; because, presumably, they will be the ones assigned to the task, although perhaps they may not be the only ones.

In this connection, a military source of the highest rank explained to LA NACION that the Junta, if it deemed this feasible, would not refrain from keeping direct contacts with the civilian leaders.

In addition to that matter, during the next few days General Reston's collaborators will concern themselves with disbanding what has been termed in the Casa Rosada "a campaign to destabilize the government."

In this task, perhaps one of the main concerns will be that of adopting the necessary measures to prevent the repetition of embarrassing incidents such as the one a few days ago, in which the former Bolivian interior minister, Gen Luis Arce Gomez, was the leading figure.

In this regard, it is not something exactly dissociated from the Ministry of Interior that the Bolivian military man, after having oddly interrupted the press conference of a representative of the present La Paz government, left the scene in a car without license plates in the presence of two or three Federal Police patrolmen.

A Sign

In the civilian area, the general upheaval has also reached the territory of the Federal Party, which until now has been controlled personally by Francisco Manrique.

This leader's dispute with Dr Alberto Robredo has just assumed political significance in Corrientes Province with the establishment of the New Leadership Movement.

Its inspirer is still accusing Manrique of flirting with the military government, something which, in his view, is the least suitable tactic for one who wants to create power in the plains area.

After denying his alleged contacts with the Popular Federalist Force, Dr Robredo told LA NACION: "The unity of the center parties is necessary, but it must be created only with those forces that have purged themselves of adherents to the military process."

In a certain sense, Dr Robredo's statement could be considered a sign of a political community which, over and above the internal contradictions of the military front, is encountering increasing difficulties in setting up the dialog which has been obsessively proposed by the authorities.

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CSO: 3348/70

PERONIST DIVISIONS RESURFACE IN RECENT POLITICAL EVENTS

Buenos Aires LA NACION in Spanish 31 Oct 82 p 14

[Article: "Something More Than a Struggle Between Left and Right"]

[Text] The incidents which took place recently at the Atlanta Stadium during the main ceremony at which the Peronists were celebrating "Loyalty Day" disclosed one aspect of the deep division among the members of the movement.

But, violently reflected there were the differences separating the party left and right, on this occasion embodied, respectively, by militants of the intransigent group, led by former Senator Vicente Leonidas Saadi, on the one hand, and, on the other, by groups from the Trade Union Youth, which answer to Lorenzo Miguel, and from the Peronist Youth, respectively.

In other words, the magnitude of the events taking place, with preeminent status, caused that confrontation, while at the same time diverting the attention which other divisions suffered by the Peronist movement might have aroused.

An Entire Gamut

The fact is that, in the Peronism of the present, there still coexist the most varied and disparate tendencies, as was the case during Peron's lifetime. After all, this is a feature which has marked the movement since its very origin, one which its own founder fostered throughout the years, by putting an entire wide and, at times, vigorous, ideological gamut under the common denominator of Justicialist doctrine.

Hence, no fewer than a dozen lines of national scope are acting in the Justicialist Party. Those lines have had a considerable projection in the trade union area; because, as everyone knows, much of the Argentine labor system is nurtured essentially by Peronism.

Starting today, in three consecutive articles, we shall look at the Justicialist internal tendencies with a chance of influencing the future of the group.

Backing for the Leadership

For slightly under 2 months, the official sector, headed by the first vice-chairman of the party's national council, notary Deolindo Felipe Bittel, has had the backing

of a new internal tendency, which favors, precisely, the reelection of that individual to the aforementioned position.

Included in the group, called Unity, Solidarity and Organization, among others, are Antonio Cafiero, Oscar Albrieu, Miguel Unamuno, Torcuato Fino, Antonio Benitez and the trade union leaders, Jose Rodriguez and Roberto Garcia.

Since last Thursday, Cafiero, who has been mentioned among the Peronist presidential candidates, has headed that entity's political commission which will delineate the sector's thinking on the national situation. For the present, it will have to devise the series of topics that must be taken up at the group's plenary session, possibly this week.

2909

CSO: 3348/70

BISHOPS RELEASE DOCUMENT ON CIVILIAN POLITICAL COMMITMENT

Buenos Aires LA NACION in Spanish 24 Oct 82 p 14

[Text] The following is the text of the document released yesterday by the Argentine Episcopal Conference and entitled "Principles of Civic Orientation for Christians."

Desiring to encourage the political involvement of Christian laymen, we said the following in our May 1981 document "The Church and the National Community": "Laymen should also feel capable of assuming and should not shrink from positions of responsibility in a true spirit of self-sacrifice, taking on the difficult task of the available options in social, educational and political work to live the evangelical counsel of being the salt, light and leaven of temporal structures" (The Church and the National Community, 188).

We returned to this issue in the pronouncement that our Standing Commission issued in August 1982, "The Path of Reconciliation." This was a particularly trying time for our nation, as its crisis was worsening, which entailed the moral imperative of political involvement by all citizens.

Thus, our intention today is to renew these exhortations and remind our people that our homeland needs a well-defined civic presence that can rebuild our hopes and bolster the process of democratically institutionalizing Argentine society so that all men of good will can, in common cause, begin reconstructing a future based on the human and moral values that define the cultural identity of our people (see Church and National Community, 196, 197 and 198).

Political Commitment

The actions of citizens within the framework of a political commitment demand loyalty, consistency and perseverance in order to be true testimony of human values.

Loyalty to the principles that govern the life of a nation, principles based on human nature and which, for believers, are enriched by faith.

A consistency that must translate into a choice of specific policies that can be reconciled with evangelical values within the framework of a pluralist Argentine society, which we recognize as valid and enriching. This demands reflection on the substance of proposals and an examination of the moral standing of the individuals who submit them.

A perseverance that demands of each citizen the zealous preservation and defense of the values of the human person and of the social order in which the human person realizes himself.

Temporal Action

1. In making his temporal choice, a Christian layman must bear in mind, first of all, the need for an in-depth knowledge of the Church's social teaching or doctrine. As John Paul II points out so well, its teachings involve "principles for reflection but also standards of judgment and guidelines for action. Responsible trust in this social doctrine, even though some might try to sow doubts about and mistrust of it, serious study of it, an attempt to apply it, teaching it and being faithful to it, offer a guaranty that a child of the Church will have a genuine commitment in the delicate and demanding social tasks and in his efforts to liberate and assist his brethren" (John Paul II, opening speech, Puebla, p 24, III, 7).

Political Power

2. The Christian who makes a political choice as an evangelizing commitment and as a lofty form of practicing charity must have a clear view of the limits and the obstacles that are necessarily present in political action. Political power could become one of the idolatries that tempt modern man and, if exercised abusively, could also damage human dignity. It should not be viewed as an absolute nor as an end in itself. On the contrary, a Christian commitment must be lived as an option in favor of life and the human and social furtherance of the entire national community. Within this framework, power is a service to the people that demands humility and permanent self-criticism by those who exercise it or are preparing to exercise it.

"Thou Shalt Not Kill"

3. The primary duty of Christians in political action is to promote man and to safeguard his basic rights. Our faith, which leads us to conceive of man as created "in the image and likeness of God," contains a demanding defense of the dignity and the rights of the human person, the preservation of his freedom and the zealous safeguarding of the value of life.

Human life, from its outset to its natural end, must be defended and preserved.

Therefore, to all men of righteous conscience, voluntary abortion is a particularly wicked crime when committed by those who, under God's plan, are supposed to safeguard and defend an innocent life that has begun.

Combating the practice of abortion, which is unfortunately spreading, is a basic way to assert the right to life.

Murder, physical and moral torture, terrorist acts, kidnapings, disappearances and the arms race are an offense to life and the human person, an offense in which God himself is mocked and insulted.

In short, save for the principle of legitimate self-defense, the Biblical precept of "thou shalt not kill or wound the life of thy brother" must be brought over to the concrete political level.

4. As a model suited to our people's idiosyncrasy, democracy demands that in their political commitment Christians consistently defend and promote its basic substance and principles. In our document "The Church and the National Community," we discussed this issue at length in an attempt to succinctly define "the essential conditions for its full-fledged achievement" (116 to 131).

The Common Good

5. The promotion of the common good, understood as the good of individuals, families and the various groups that make up civilian society, is the principal end of political action, and a Christian must pledge to enhance, develop and extend it. The words of John Paul II in Brazil bear recalling: "Social justice is the new name for the common good." In other words, if basic social needs are not met, enabling all families to enjoy an acceptable quality of life within the framework of a just distribution of wealth, there is no common good. It is also incompatible with the perpetuation of unjust structures and the typical symptoms of under-development, disenfranchisement and internal colonialism, that is to say, overlooking the interior within the framework of an unacceptable distribution of the wealth among the country's various regions.

6. The option for the poor, the weak, the sick and the handicapped, which the Puebla Document speaks so clearly of, must be a decisive motive for a Christian's political commitment. Without a policy that attaches priority to human development, to the struggle against extreme poverty and unemployment, to preferential assistance for the elderly, for abandoned children, for needy families, for the chronically ill, for the aboriginal and indigenous groups that lack basic schooling, for the handicapped and for immigrants, especially from neighboring countries, there is no common good.

The State of Law

7. Great value must be attached to the state of law as the natural framework for life in society. The just law issued by the Congress

and the legitimate authority held by the bodies that the constitution establishes, are binding in all conscience on citizens.

We cautioned in our May 1981 document that their absence has prompted the "crisis of authority" that has been one of the negative elements in our history over the past 50 years (see Church and National Community, No 35).

This also demands that laymen appreciate, know and publicize the National Constitution, work to strengthen the current institutionalization process and denounce the "coup d'etat mentality," the consequences of which would aggravate the current situation in Argentina (see path of Reconciliation, No 13).

Human Dignity

8. In defending human dignity, the common good and social justice, Christians should, in their political activity, promote esteem for human labor and its primacy over capital, technology and even economic strategies, which must be made to serve man as the center of labor.

The core of the social issue, as "Laborem Exercens" defines it, is the dignity of the worker, the demand for just remuneration and personalist [personalizante] working conditions. As the Church's social doctrine points out in various documents, man cannot be reduced to a mere factor of production or consumption, as under the practical materialism of certain forms of liberal capitalism or the practical theoretical materialism that marks the collectivist statism of Marxism-Leninism.

It bears mentioning once again that a materialist view of man, reflected especially in Marxism and liberal capitalism, cannot be reconciled with the Christian view of man and impairs his dignity and basic rights.

The Family

9. In his temporal option a Christian lay person must struggle to safeguard the inalienable rights of the family, which is the vital unit of society and whose existence antedates that of the state. This means opposing divorce and anything else that threatens the unity and permanence of the family.

Efforts must also be made to prevent the mass media from being utilized as vehicles of negative values that weaken the integrity of the family (see Church and National Community, No 37).

Furthermore, the family must be promoted by a government social policy that uses suitable measures to foster a man's right to start a family, that assures suitable socioeconomic and environmental conditions for its development and that also offers social services to strengthen the family in the performance of its crucial social function.

Education

10. In the field of education, a Christian lay person with a political commitment must work for equal opportunity, which requires appropriate structures that can guarantee all children and young people access to elementary and intermediate schooling and that will combat illiteracy, dropping out and anything else that curtails this basic right. Likewise, it is also necessary to guarantee full freedom of education, which involves both the parents' right to select the kind of education they want for their children, including parochial schooling, and the content of what is taught so that schooling provides comprehensive training. In a word, therefore, the goal of education must be "to humanize and personalize man."

In this regard, we would also refer readers to what the Church's social doctrine, in particular the document "Church and National Community" (151 to 157), says on this issue.

The Economy

11. In the economic-social field, where the crisis has taken on tragic proportions with the severe repercussions of production shutdowns and human frustrations, politically involved laymen must channel their creative and technical energies into the search for a change that will insure sustained economic development, as well as the participation of the people in the benefits of development. Unacceptable in this regard is dogmatic adherence to economic schools or systems, which do not guarantee work, well-being and a decent life for all men and for all regions of the country.

The policies adopted should first of all seek to meet basic social needs and to aid underprivileged regions and segments of society. An economic system that does not strive for justice, bread, jobs and freedom for all Argentines "is harmful and mistaken and goes against man" (John Paul II, speech in Nowa Huta, Poland).

Violence

12. The temptation of violence and so-called "political radicalization" under the pretext of a commitment to justice and liberation, is one of the pressures that could divert citizens from a righteous political path.

We will again state what we have been contending for many years now: Violence is neither evangelical, nor human, nor effective in resolving Argentina's serious problems. When the country allowed itself to be dragged into the spiral of violence, only pain and death ensued. Today, therefore, aware of the persistence of unhealed wounds in the national community, which have led to kidnappings, murders, torture, disappearances, terrorism and human frustration, we will make a clear and dramatic statement. The only path for political action by Argentines is one that totally rules out violence and any interaction that denies the brotherhood of man.

The needed social changes must be achieved through sincere dialogue and legitimate methods of action within the framework of the natural structures of society, in which grassroots involvement is possible. These are: political parties and, within their specific sphere, labor unions, professional and business organizations, cooperatives and other various intermediary institutions that reflect the social dynamics of our community.

Pride and Corruption

13. Another deviation that public life is prone to is the pride and corruption of power. In his political actions man must always be on the alert to prevent the movement to which he belongs from abandoning its aim of the common good and lapsing into a defense of petty interests, aggrandizement of individuals, illegitimate ambitions or financial corruption.

Citizens must speak out against all forms of corruption and must not compromise with any form of venality, thievery or abuse of authority or power.

Apostle of Peace

14. If, as Argentina's serious situation requires, a Christian joins a party, he must remember his evangelizing role. This means that in word and in action he must inspire hope, promote faith and the values that mark our cultural identity, foster reconciliation and be a fervent apostle of peace.

15. Working for reconciliation and peace is a necessary condition for political involvement among Argentines. It demands making an earnest commitment to seek truth, justice and love as a means of overcoming the current conflicts in our society and putting an end to the painful consequences of the "dirty war" and corruption. But it also demands a struggle for a genuinely solidary and liberating plan, which entails Latin American integration and a search for peaceful solutions to our border problems, especially with our Chilean brothers.

Activism

16. In conclusion, party activism means mutual respect among political adversaries and an appreciation of civic friendship.

We must remind the nation that the effort to eliminate the enemy and to deny pluralism is one of the ills that is at the root of our national crisis.

17. In summary, the political parties that seek the Catholic vote must offer election platforms that are not at odds with the principles that we have set forth.

As far as candidates are concerned, they must be sufficiently ethical to keep their promises.

The Choices for Christians

We would remind the faithful that whatever their degree of political involvement, apathy and abstention are not acceptable and that they therefore ought to choose among the parties that:

- a) Protect human life, from conception in the womb to death;
- b) Rule out violence in the pursuit of their ends and value peace as a supreme good, gift and goal to which they must channel their joint efforts;
- c) Safeguard freedom, freedom of religion first of all, because it enables man to relate to his Creator and because religion is a basic ingredient of the common good;
- d) Defend the primacy of man in all social and economic activities and clearly appreciate human labor as the core of the social issue (*Laborem Exercens*);
- e) Attach great value to the family, defend its rights and integrity and oppose divorce and anything else that impairs its unity and stability;
- f) Wage a legitimate struggle for justice in every sphere of life and for a just distribution of material and spiritual resources;
- g) Promote access to schooling as the right of all and defend freedom of education so that each family can choose the kind of schooling it wants for its children, including parochial instruction.

Lastly, although by virtue of its mission and area of responsibility the Church can in no way be confused with the political community or with any political system (GS, 76), it must nevertheless enlighten men from the viewpoint of the faith, so that they work to build a society that is as close as possible to the ideal of the Gospels.

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CSO: 3348/68

ECONOMISTS, POLITICAL FIGURES DISCUSS FOREIGN DEBT

Buenos Aires MERCADO in Spanish 16 Sep 82 pp 18-22

[Text] Roberto Alemann: The Country Can Overcome Its Current Crisis

Under current conditions in the Argentine economy, the services of the International Monetary Fund could be very useful in restoring confidence. The country has sharply devalued its currency and by splitting up the exchange market has created conditions in which the peso is obviously viewed with mistrust. An agreement with the IMF could help to restore the lost confidence. In this regard, it bears mentioning that the main economic adjustments have already been made, which corrected the deficit in the current account (merchandise and services) of our balance of payments. The capital account, consisting of risk capital and credit in the country, repayments, loans and investments overseas, is purely a matter of confidence. The agreement with the IMF provides the funds needed to balance foreign accounts with the economy's actual variables by stabilizing the value of our currency.

These are inexpensive funds that can be used to pay off interest and remove pesos from circulation, all of which can be coordinated with sound measures such as currency market unification, the normalization of the money and credit market and fiscal discipline. Under such conditions the country can overcome the current peso crisis, which merely reflects the people's lack of confidence in the country itself.

A public debate has obviously already begun on the pact with the IMF. The economy minister himself set it in motion, and the spokesmen of political parties, economists, bankers, businessmen and labor leaders have been voicing their views on it. The formal aspect of coming to terms with the Fund has been taken care of. Everyone agrees that Argentina is a member of the Fund and that it therefore has rights and duties, including the right to hammer out an agreement if one is necessary and the duty to furnish information on request. The substance of the matter is, for the time being, an unknown quantity, inasmuch as the terms of the agreement have not been made public. The debate will make sense, therefore, only when these terms come to light. The fact is that so far the debate has served to highlight the choice between reaching an agreement, which will restore confidence, stabilize our

currency and, therefore, improve real wages, and not concluding an agreement, with the almost certain risk of delays in overseas payments, difficulties in acquiring inputs for industry and mounting suspicion towards the peso, which will lead to capital flight, boost unemployment, erode real wages and impair the well-being of the populace.

Antonio Troccoli: No Major Segment Should Be Excluded

I feel that a debate among all of the country's political and social sectors on the standby agreement is important. From this exchange of ideas will emerge the judgment that the government must heed in making a decision in this regard. No one should be excluded from the debate; all representative sectors, be they political parties, unions, business, etc, should be involved. Argentine intelligence must be present in all of its manifestations; no major segment of society should be excluded. Finally, the ultimate decision will be up to the government itself in the event that there is significant dissent among the various opinion groups.

There is one fact that we cannot overlook. If a standby agreement is approved, the country will be forced to adopt further recessionary policies because this is what the IMF demands. In Argentina today, however, an economic policy that entails recession is not viable either politically or socially. The government has to assess the situation. If it agrees that Argentine society is walking a tightrope, then it has to assume that a recessionary policy could lead to serious social upheaval. If the country loses its balance, the resulting situation could be extremely difficult to manage. This is a fact, and the authorities cannot and must not ignore it.

I feel that the people who are in one way or another pushing for a standby agreement should be held responsible for the consequences that such a decision could prompt. The country has new possibilities, which do not entail resorting to a standby pact, for resolving its economic crisis and, in particular, for coping with its enormous external liabilities. We need a program, not a minister to surmount this situation. Of course such a program must contain a policy of vigorous growth based on the full utilization of our operating capacity. Then our international creditors will indeed conclude that Argentina, pursuing an economic policy of growth, is in a position to pay back its foreign debt. We could discuss a rollover of the debt, a new payback pattern, because creditors would see that the country was solvent enough to meet its liabilities.

A recessionary policy is a suggestion that the countries with overheated economies could accept, but ours is not one of them, inasmuch as economic activity has been sluggish here for several years now. In a country whose per capita gross output is lower than it was in 1970 and where the wages of unskilled workers have only 40 percent of the buying power they did in 1960, it is suicidal to tighten the screw one more notch.

The government ought to abandon these recessionary policies and programs and begin implementing a program of growth. We Radicals have contributed a number of ideas and we are willing to discuss our proposals in depth as long as there is a determination to chart a fresh course for the economy. We are in a position to contribute during the transition to the country's institutionalization if the government proposes a strategy of economic growth and development. But we are not going to support any agreement, like the standby pact, that means pursuing a recessionary program that will further worsen the difficult situation that Argentine society is now in.

Mario Brodersohn: Political Leaders Should Not Back Extreme Measures

The country has gotten to the point of needing a standby agreement as a result of the poor performance of economic policy in recent years, and the people responsible for this situation are the ones who ought to tackle this grave crisis. The decision to resort to a standby pact is up to the current government, and thus we cannot ask political leaders to support a measure that is being taken as an external expedient, as the consequence of poor economic policy.

I feel that the issue of a standby agreement ought to be viewed as a function of the political and economic context in the country today. In my judgment, the underlying problem is to work out an economic transition that will facilitate a political solution by creating some degree of social stability. In this regard, elections are an unpostponable necessity. As far as the economy is concerned, I feel that we are faced with two touchy problems. The first is hyperinflation. Based on price increases over the past few months, the annual rate could well top 500 percent, which would make Argentina the country with the world's highest inflation. The second is that after the war in the South Atlantic, there was a timid attempt at a reactivation, but the prospects for its continuation are far from clear. We know that external sector restrictions could hamper any future recovery because they adversely affect the importation of raw materials and capital goods, which are indispensable to production. Hence, resolving the problem of the external sector would improve the chances for a recovery and would help set the stage for social calm, which would expedite an electoral solution.

I think that it is obvious that Argentina cannot discuss a standby agreement if it means deepening the recession. I say this because the recession is not something new; it has, in fact, intensified in recent years. Statistics are cruel to the Argentine economy. First of all, gross output fell 16 percent in 1981. The drop continued in the first half of 1982 at a rate of somewhat more than 13 percent a year. In light of this, I think that the country has already taken the recessionary steps that international banks and the IMF normally require as a means of balancing a country's external sector. This can be seen not only in the figures for output but also in the performance of the external sector. Our trade balance in 1981 posted a deficit of \$134 million, whereas a trade surplus of \$3.2 billion is expected

for 1982. In view of these figures, I think that an agreement with the IMF for standby credit, with the precondition of no economic recession, would facilitate talks with international banks aimed at enhancing the structure of our debt. And that is indeed important for the next constitutional government. It is unacceptable at present for the country to be on a "merry-go-round" of 30, 60 or 90 day loans to pay back its foreign debt. This is prejudicial to the next government, because it risks inheriting a very large debt package with short-term due dates. To sum up, if we negotiate with the IMF while pursuing an economic policy aimed at reactivation and that at the same time facilitates talks with international banks to hammer out a long-term debt structure, which would make things easier for the next constitutional government, I think that the standby agreement would be positive. But I would stress that whether the standby credit is accepted or not, the politicians should not be consulted; that decision is up to the current government.

Martin Lagos: Tighter Public Spending Control Would be Demanded

There is not that much to debate. We must simply decide whether or not we want to negotiate with the IMF. Argentina is faced with a very difficult external payments situation, and the Fund is offering it two things. The first is a certain amount of low-cost funds, and the second, the important point, is a guaranty so that the country can refinance its debts with creditors. In granting these benefits, of course, the IMF will demand internal adjustments. When I say adjustments, many might think that they would refer only to a recession or a drop in real wages. At the moment, though, I think that the main adjustment it would demand would be tighter controls on public spending. Many would doubt such a possibility, recalling what Argentina has done in this regard in recent years. In answer to that, I feel that the circumstances could necessitate adjusting certain things that were not adjusted in better times.

As far as the decision to accept a standby agreement is concerned, I think that it ought to be made by the government in office, which in this case is the Armed Forces. They are going to have to meet the country's liabilities until they leave office. In other words, they cannot make commitments to the IMF for a period that lasts longer than their plan is in effect. In any case I feel that Argentina has no alternative but to accept. Its only chance to secure funds is under a standby agreement.

In approaching the debt problem, we should remember that the first thing that the country needs is for its creditors to roll over their loans, at least for the near-term. In addition, they must not declare that the country has suspended payments if it gets behind in paying off its liabilities. Once this stage is set, then talks can begin on restructuring the due dates or on taking out new loans for 5, 6 or 7 year periods. At that point we can begin thinking about rolling over not only principal but interest as well, so as to lighten the financing burden somewhat. Hence, I do not think that Argentina can

renegotiate its debts if it does not reach an agreement with the IMF. Banks view the IMF as an organization that can guarantee that Argentina will meet certain conditions, especially public spending cuts. It is like a guarantor in that sense, and it is hard to deal with a creditor without a guarantor.

Domingo Cavallo: An Economic Program Should Not Be Part of Standby Credit Negotiations

A standby agreement should not be debated. In my opinion, what ought to be debated in Argentina, to develop a consensus and domestic support, is an economic program. If under such a program, which satisfies Argentines and answers their problems, we can then obtain a low-cost loan like standby credit, so much the better. What makes no sense is for an Argentine economic program to be formulated within the context of bargaining with the IMF. And what especially makes no sense is for people in Argentina to say that we should do this or that because that is what the experts at the IMF or the creditor banks think.

Argentina has an enormous number of internal and external problems: economic recovery, jobs, boosting the real earnings of the population, rebuilding its industrial machine, keeping up a good pace of activity in the farm sector, generating exportable surpluses and bringing about a large surplus in our trade balance. Coping with these problems would enable the country to genuinely address its overseas commitments and to take care of the foreign debt issue. All of this requires a consistent, comprehensive economic program, a program that Argentines put together and accept. I think that a very consistent program can be developed to provide suitable answers to our various problems by keeping a balance among the opposing objectives that might arise. If this then satisfies the IMF, which would entitle us to the credits that it grants with strings attached, then fine, and it would be foolish not to avail ourselves of them.

In the meantime, Argentina can resort to methods that do not have strings attached, special drawing rights and the facilities tied to drops in exports, and handle its overseas payments normally through them, in particular the payments that it must never stop making, those on its commercial debt, which is linked to supplies for industry and production. The principal and interest on both public and private sector borrowing can be refunded. In general, there are no problems doing this.

I would repeat that I do not think it makes sense for an economic program to resolve Argentina's problems to be worked out in the context of talks with the IMF on the terms for standby credit. I think that Argentina ought to put together its program, set it in motion and defend it to the death. The country has all the technical capabilities, political sovereignty and economic resources it needs to resolve its own problems; it can then inform the IMF what its course of action will be. If such a program is consistent, it could be perfectly acceptable to the Fund

and predispose it to granting additional facilities and the so-called conditional loans, which we should take advantage of. But I do not think it is a good idea to work out an Argentine economic program for resolving the many complex problems facing us right now as part and parcel of a standby credit negotiation.

Luis G. Martinez: We Should Hold a Wideranging, Public Debate

Because of its implications, a standby agreement must be put to a wide-ranging public debate. If the government were to make the decision alone, without talking it over with anyone, many would surely take advantage of this to attack it from various angles, without taking the public responsibility to propose a serious alternative. Given the implications of the issue, I feel that it is very important for this to be discussed widely in a forum in which all those who have demonstrated their qualifications as sector representatives can outline their views. I also feel, however, that each should be called upon to state clearly what he thinks. If people are not in agreement, then let them explain their alternatives to a standby agreement and point out its adverse implications. I think that the debate should be frank; in other words, when it is over, the public should be familiar with all positions. If the people who regard themselves as the most representative are against it, then the government could say that it is not accepting the standby agreement because it does not have sufficient support. In contrast, if the views are favorable, there are grounds for different action. I think that there is enough time to organize a debate like this; it would not take too long.

I personally think that we should accept it, because there is no better alternative. I feel that a standby agreement would relieve tensions on the currency market at this juncture. At present we are in the worst of situations: we are seen as delinquent debtors who are not meeting their obligations, and we derive no benefit from this. Hence, I think we clearly have to reach an agreement with the IMF in a way that enables us to operate as flexibly as possible from a domestic social standpoint, which is what interests us most politically at present. I think that by accepting a standby agreement we would patch up relations with the international financial system and even take a step forward at home in boosting economic activity, wages and employment.

Roberto Lavagnn: The Parties Cannot Commit Themselves to Partial Support

Standby credit is merely a tool. Making use of this kind of IMF credit is neither good nor bad in itself. The important thing (and this goes for both extremes of the Argentine political spectrum) is to recognize that the relationship between the IMF and its member countries is not one of the former ordering and the latter obeying. Requesting assistance from the IMF (if a country wants to help itself and at the same time to observe the international groundrules) implies negotiations whose outcome depends on the vigor and clarity with which Argentina describes

its problems, solutions and needs, within the frame of reference of the indebtedness of all underdeveloped countries.

If due to lack of conviction or bargaining ability the current authorities are unable to negotiate anything more than a credit with the usual conditions placed on Argentina in the past, then it is preferable that they not negotiate at all. In that event, the only thing to do would be to keep on deferring and rolling over, by force of events, the loans that fall due, until the constitutional government takes over. I am aware that this means that the democratic parties will have to cope with 85 percent of the debt falling due during the first 60 days of government. Although this is not ideal, it is preferable to a negotiation that results in an adhesion contract for Argentina.

Furthermore, the parties cannot be asked to give partial support. Today the foreign debt, tomorrow the Falklands or the Beagle Channel, etc. If the transition authorities do not have enough power to govern and resolve the problems that they themselves created, then they should take the lead and hasten the democratic solution. The parties cannot commit themselves to partial support, without guarantees. It would be better for them to do their own analysis and chart their strategy on the assumption that a great many loans will fall due just as power is transferred.

Guido Di Tella: De Facto Governments Do Not Make It a Point to Consult with Anyone

Before analyzing whether the government should or should not debate the issue of a standby agreement, I think we should remember that de facto governments do not make it a point to consult anyone about anything. And I do not think it reasonable to ask politicians for a cogovernment to make a decision that is up to the de facto government. The most they can be asked to do is not offer fierce opposition that could lead to a collapse of the electoral solution. Thus, I do not think that Minister Wehbe has to consult with the Multiparty Group on this issue, given the complicated situation at present, just as the group does not consult him about anything it does. I feel that the current government should realize the limitations of its status: it is a transition government. But this in no way prevents it from reaching agreements with the IMF. I believe that the Fund is flexible enough to accept a plan that does not entail economic policies beyond March 1984.

I am convinced that no one wants the current government to make commitments extending beyond its term of office; we know that it would be hard to keep a promise in connection with a loan whose conditions extended beyond March 1984. It would be ludicrous for anyone to imagine that when the new administration takes over in March 1984 it will explain in its first speech that for the next 2 years it cannot alter the policies set by the previous government. I am convinced that the men of the IMF will understand this situation and will be willing to negotiate other borrowing options. In summary, I think that debating a standby agreement would add an unnecessary irritant right now, because no one would believe that the country would comply with the conditions imposed by the IMF. And you should not make promises that you cannot keep.

COUNTRY SECTION **ARGENTINA**

ADVANTAGES OF STANDBY LOAN EXPLAINED

Buenos Aires MERCADO in Spanish 16 Sep 82 pp 11-12

[Article by Roque B. Fernandez: "The Dual Benefit of a Standby Loan"]

[Text] This is not the first time that a crisis in Argentina has been linked to crises in other countries. In 1890, Argentina's difficulties placed major European financial centers in a tight spot, and from 1929 to 1933 the U.S. depression created problems for the economy of Argentina and other countries. It would seem at present that the crisis in Argentina and other Latin American countries is causing headaches for the international financial system, in which the United States and Europe play a predominant role.

The problems that these developments cause are very serious, both in terms of relations among countries and in terms of the freedom that the people of each country enjoy. Many analysts say that the depression of the 1930's gave rise to the European National Socialist Movement and the resulting world war. This has fostered research into the way in which crises develop and into the tools for alleviating such situations. Although there are many interpretations of these phenomena, in particular after the Keynesian revolution of the 1930's, I think that the interpretation of the classical economists is still the soundest and the one that tallies best with the developments in question.

The most important classical economist in Argentine history is unquestionably Juan Bautista Alberdi, who in Volume I of "Posthumous Writings" gives us an interpretation of crises based on his own original thought and on the philosophy of the great thinkers of the 18th and 19th century.

According to Alberdi, the cause of a sudden contraction that triggers a crisis is to be found in the period of artificial prosperity that preceded it. During this period, spending and investment exceed the voluntary savings of a country's inhabitants, with the excess financed by overseas borrowing and the printing of money. Over time and as a function of interest rate dynamics, foreign loans are paid back, causing a payments imbalance and an internal monetary contraction; this, in turn, leads to economic crisis and depression. Again according to Alberdi, the crisis concludes and the recovery phase begins thanks

to some "sudden and happy" development that causes a change of attitude in the community and gives rise to a new process of economic growth.

Although the preceding paragraph certainly does not exhaust Alberdi's thinking on crises, it does serve as a frame of reference for classical theories in analyzing the current situation on the basis of the three main factors: a) the prior period of artificial prosperity in which spending exceeds domestic savings; b) the payback of foreign loans and a balance of payments deficit, and c) the "sudden and happy" development that spells an end to the crisis.

With this terse frame of reference we can analyze not only the situation in Argentina, whose foreign debt has increased strikingly in recent years, but also developments in Latin America and the international financial system.

The first stage, the prior period of artificial prosperity, requires outside borrowing, because otherwise spending cannot exceed the country's revenues. In the table below we can see the trend in loans to Latin America from the international financial system according to the statistics of the Bank for International Settlements (BIS).

External Exposure of the International Financial System (in billions of dollars at the end of each year)

<u>Category</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Loans	893.1	1111.0	1321.9	1542.0
Developed countries	467.5	588.3	704.4	819.9
Banking centers				
Offshore	124.4	157.1	188.8	237.5
Other countries	222.1	263.1	299.5	326.1
Latin America	79.0	102.5	129.2	158.5
Deposits	856.4	1119.4	1334.5	1523.0
Developed countries	533.9	686.4	823.9	948.4
Banking centers				
Offshore	97.8	140.3	166.0	219.5
Other countries	192.2	254.9	308.6	315.3
Latin America	32.5	37.8	36.0	39.8
Net exposure in Latin America	46.5	64.7	93.2	118.7

Source: Bank for International Settlements, 52nd Annual Report, June 1982.

Other countries includes: Australia, New Zealand, Eastern European countries, the Middle East, Africa and Asia.

Whereas loans to all countries increased 73 percent from December 1978 to December 1981, loans to Latin America were up 101 percent. This figure in itself does not necessarily indicate a rise in foreign loans to Latin America because these same countries deposit their funds in institutions that report to the BIS. However, if we subtract deposits from loans, we get the net BIS exposure in Latin America (the last line on the table), which shows a net increase in loans to these countries of 155 percent over the past 3 years.

How could so much money have flowed into Latin America? The obvious explanation in our country's case was the financial open-door policy in the climate of relative stability and credibility from 1977 to late 1980. The reasons are more complex in other countries, but in my opinion one very significant element bears mentioning.

First of all, during the period in question the United States decontrolled interest rates on financial instruments, which attracted additional funds. Moreover, the U.S. economy was in a recession, and the private sector's borrowing demands dropped, which freed up sizable amounts of money for overseas loans. This excess liquidity on international lending markets prompted a considerable number of new institutions to move into external markets without the know-how and experience of the traditional banks. The two-pronged effect was that they took high-risk positions in certain areas and heightened the risks of the financial institutions already established there. When this situation became obvious, attempts were made to hastily reverse the flow of funds in problem areas.

The second aspect of the crisis (actually its outbreak) is the reversal of the flow of funds, which triggers a heavy balance of payments deficit and requires shifting from an initial trade deficit to a sizable trade surplus. This period of adjustment normally demands a very painful cut in consumption. But there is no other known way to get through a crisis, in spite of the vehement rhetoric that political parties always indulge in. President Nicolas Avellaneda coined a very dramatic phrase but one that was quite common in the past; he spoke of pushing an adjustment "by saving through the hunger and thirst of Argentines" in order to honor the country's commitments.

It would indeed be hard to find a leader, no matter how despotic, who would choose to cause "hunger and thirst" if a less painful adjustment could be made. Experience indicates that when the classical adjustment is postponed in the search for miraculous solutions, the crisis grows more severe. Under current circumstances, consumption sacrifices could be limited if we could restore confidence in our country and prevent our creditors from demanding a prompt repayment of their loans.

We could accomplish this by proposing a standby agreement to the IMF and showing a willingness to come to grips with our external payments. Such a move would be doubly beneficial because, on the one hand, it would make an economic adjustment easier for us and, on the other,

by avoiding quick repayments, our country could take advantage of potential negative interest rates that would result from the worldwide inflation that will probably ensue if global liquidity expands to alleviate the current international financial crisis.

The last facet of a crisis is the "sudden and happy" development that sets the recovery in motion. What Alberdi obviously meant was a shift in the expectations of the community that would bring the economic system's inherent workings into play again. We cannot readily see what the "sudden and happy" development will be that will lift us out of this crisis, if in fact we can ever emerge from it. Yet some think they see a small ray of light at the end of the tunnel. That ray of light is the hope that the forthcoming election campaign will give rise to a republican system that respects individual liberties and has stable ground rules in line with the 1853 Constitution.

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CSO: 3348/36

EDITORIAL SUGGESTS GROUNDWORK FOR LOME III CONVENTION

Buenos Aires LA NACION in Spanish 29 Sep 82 p 6

[Editorial:"Lome III, the EEC and Latin America"]

[Text] Regardless of how premature one feels it is to address the issue of renegotiating the Lome Convention, which is in effect until 1985, between the European Common Market and the countries represented by the acronym ACP (Africa, Caribbean and Pacific), careful, preliminary thought must be given to the matter. It would be quite worthwhile for the Argentine and Latin American organizations whose area of responsibility is world trade and development to begin analyzing the issue henceforth.

The EEC commissioner for aid to development, Edgar Pisani of France, whose term expires this December, has already established the basic criteria for a redrafting of Lome III, taking into consideration that the official efforts to this end are scheduled to begin in 1983. He has thus demonstrated that he is deserving of his reputation as a clear-sighted politician.

The European Community has established channels for providing support to the world's neediest nations; 62 of them fall under Lome II, an agreement worked out for the express purpose of helping the relatively less developed countries, and there is little disagreement that those of the ACP area fit that description. Yet we must make the point that on the whole Lome II has had a specifically adverse impact on Latin America. In our judgment, the explanations given by the EEC and other bodies have been vague, overly general and inadequate. In the negotiations for Lome III Latin America and our country in particular must put forth sound suggestions and objections after an exhaustive examination of all the political and economic implications of the issue.

The truth is that it will not be easy for the EEC to agree on continuing the convention, in light of the budgetary problems that European nations and the community itself are facing. For 8 months The Ten tried to avoid granting increases in the price they pay for sugar from the ACP zone, finally agreeing to just a tiny boost in February. For its part, Great Britain refused last May to contribute a million ECU's

(the European monetary unit) a year for 5 years to ward off the collapse of the exports price stabilization system (STABEX). Furthermore, though the ACP nations account for 6 percent of the EEC's trade, Nigeria alone provides 2/5 of that percentage, with the remainder distributed among 61 countries.

Our country and other Latin American countries belong to the "77" and to the Nonaligned Movement, in which there are obviously disagreements having to do with individual interests. In the political arena this was demonstrated by the international treatment of the Falklands issue. In the economic sphere, as we have stated, it can be seen in the provisions of the Lome Convention.

The solidarity shown towards our country on the issue of the South Atlantic archipelagos transcended any given sphere. As far as the British usurpation is concerned, the argument has been advanced that Latin America needs to band together to tackle problems that are of irritation to it. This was the approach taken in denouncing the EEC for imposing illegal, blatantly unfounded and hostile sanctions on our country.

Thus, we must not waste the opportunity provided by the sincerely regional spirit that lives in the resolutions of SELA and the OAS, not to mention GRULA within the UN. We must look into the activities of the EEC, in which, as in the case of the Lome Convention and in the spirit with which it is approaching the Lome III talks, there are factions that could be described, without exaggeration, as neocolonialist and particularly unfriendly to Latin American interests.

The branches of the Foreign Relations and Economy ministries as well as the branches of regional organizations would be well advised not to get carried away in petty jurisdictional squabbling. The important thing is not to miss the opportunity to hammer out with the European Economic Community the instruments for achieving even-handed justice in the world economy. To this end, we must not close our eyes and take a narrow-minded approach, which tends to be dangerous because plans can go awry. Nor must we regard this as an irrelevant issue and argue that the EEC's African policy hurts other Latin American nations more. This would shatter the united spirit shown on the occasion of the war in the Falklands and would mean ignoring the call for solidarity, which so many others gave to us.

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CSO: 3348/36

FINANCE MINISTER ON NEW MEASURES, IMF TALKS

PY121424 La Paz Cadena Panamericana in Spanish 1130 GMT 12 Nov 82

[Text] Finance Minister Ernesto Aranibar has announced the government's decision to attend all worker meetings in order to explain the scope of the economic measures implemented by Siles Zuazo's government.

This decision was disclosed by the minister during a press conference held at his office a few hours ago.

Minister Aranibar admitted that the economic program implemented by the Democratic and Popular Unity [UDP] government gave rise to concern in various sectors due to the lack of regulations for the issued decrees. However, he pointed out that the Central Bank of Bolivia will meet shortly in order to draw up the regulations for those complementary measures. The minister said the regulations would be issued immediately.

In pointing out that the economic measures have a financial backing of \$160 million the minister explained:

[Begin Aranibar recording] Last week I disclosed that the government has \$160 million at hand to cover needs which may stem from imports and financial transactions made after the implementation of the measures [words indistinct].
[End recording]

At the same time the minister stated that the IMF was not consulted while the economic measures were being drawn up.

[Begin Aranibar recording] Do you know that the first time that the IMF learned about the new national economic policy and economic measures, which the government has implemented, was when they were made known through the media? This organization was never consulted during the drafting of the measures, since they were drawn up taking the national interests, national objectives and national resources into account. Once the measures were adopted the IMF, naturally, wanted to learn about the reasons and details of those measures so we gave its representative in our country all the required information. [End recording]

When pointing out that the IMF was not consulted while the measures were being drawn up, the finance minister asserted that the government is not interested

in a standby agreement with the IMF but that Bolivia seeks a broader and more flexible agreement.

[Begin Aranibar recording] The UDP government is not interested in a standby agreement with the IMF but wants something broader and more flexible, something known as a broader credit facility agreement, which we will probably sign during the next few days. [End recording]

The finance minister ended by stating that all those persons and importers interested in purchasing dollars may do so through the mechanism implemented by the Central Bank of Bolivia.

CSO: 3348/85

CUSTOMS DIRECTOR ON BAN OF LUXURY ITEM IMPORTS

PY110021 La Paz Cadena Panamericana in Spanish 1130 GMT 10 Nov 82

[Text] Customs Director General Carlos Montano stated that the new economic measures decreed by the national government have prohibited the import of over 100 different items. During an interview with Panamericana, Montano stated that the new economic program will affect the collection of customs' duties since they will drop progressively.

[Begin Montano recording] Well, I believe that the country's new economic program will basically affect the collection of customs' duties since they will tend to drop. But this must be viewed as something positive, because imports will drop. In the past the cheaply obtained dollars--at the expense of the productive sectors, especially the mining sectors of the country--were wasted on the import of luxury goods for consumption by the middle class.

[End recording]

Further on Montano stated that many people will have to modify their consumption habits since the import of various items has been prohibited.

[Begin Montano recording] We should undoubtedly start to modify our consumption habits since various items will no longer be imported into the country. The import of various luxury items has been prohibited, therefore, collection of duties in the future will drop. [End recording]

In referring to the items which have been prohibited the customs director stated:

[Begin Montano recording] Well, without giving a (?complete) list I could mention some of the items which have been prohibited: olives; pasta; ketchup; flowers; mayonnaise; sauces; beverages such as vodka, whisky, gin; shampoo; washing and toilet soap; detergent; matches; toilet paper; notebooks; post cards; calendars; rolls of acrylic textiles; carpets or tapestry; stockings and socks; men, women and childrens' clothing and underwear either of cotton or synthetic fiber; window panes; jewelry; articles made of silver; costume jewelry; zinc plates; galvanized plates; smooth, corrugated and plain metal sheets; containers for beer, soft drinks and juice; aluminum bars and rods; refrigerators for home use; electric kitchen stoves; radios; television sets; vehicles; cars and wagons; motorcycles; electronic organs; dictaphones; recorders; wooden furniture, zippers. This gives an idea of the number of items which one can do without or which are produced in the country. [End recording]

CSO: 3348/85

SUPPLY, PRODUCTION PROBLEMS IN MINERAL SECTOR

Inspection of Mining Stores

La Paz EL DIARIO in Spanish 16 Oct 82 p 1

[Text] To obtain accurate, factual information on the problem of a shortage of basic goods in the nationalized mining districts, Carlos Barragan, minister of mining and metallurgy, will leave early today for Catavi, Siglo XX and Huanuni, according to an announcement he made yesterday at a joint press conference with Minister of Industry and Commerce Jorge Crespo.

Both officials gave detailed information to the press on the problem of a shortage of supplies in the grocery stores in the mining districts.

Explanation

Industry and Commerce Minister Jorge Crespo first explained that his statements to the press to the effect that the mine stores had sufficient stocks of basic goods were based on data provided by the mining minister, who was in turn informed by the manager of COMIBOL [Mining Corporation of Bolivia].

He also pointed out that he never intended to deceive the public, and much less the miners, but that the problem lay in a lack of adequate and reliable information on the part of COMIBOL, which led the mining leaders to react and confirm that there was a shortage in the mine stores.

Mining and industry officials confirmed that information provided by COMIBOL on supplies is not accurate, since there is indeed a problem although it is not as severe as one would think.

Mr Crespo said that the supply problem became worse because of a scarcity of oil and meat, primarily. He announced in this regard that his office had arranged for the necessary shipment to the mines of enough oil to meet housewives' needs. As for the meat, he indicated that the cattle ranchers in Beni had accepted a "truce" and agreed to send meat beginning today, flying a maximum number of flights to the mines.

When asked about the effects of COMIBOL's misinformation, the mining minister said that there are some problems in the government enterprises "and there may even have been some unwillingness on the part of its executives to deal with these problems," he noted.

He was asked if his office would take any steps against the manager of COMIBOL, and he confined his answer to saying that first of all he would determine on the spot, namely at the mines, whether or not there was a shortage and the extent of it, and "after that we shall see what steps we will take."

Mr Barragan said yesterday that "we cannot solve the problem in a few days; we believe and have believed that they are acting properly."

On this point, the industry minister was emphatic in maintaining that "we do not have any magic wand to solve all the problems overnight." He then pointed out that they have been in power for only 5 days.

With regard to meat for the mines and also for the rest of the population, Mr Crespo explained that a "gentlemen's" agreement had been reached with the Beni cattle ranchers to provide adequate supplies to the La Paz market beginning today.

He later said that there is a truce with the cattlemen and that they had made a commitment to supply the markets and ship meat until the government approves the economic measures.

Other Subjects

Asked about the bread battle, the industry minister said that beginning next Monday, his office would deliver flour exclusively to bakers legally registered with the Bolivian Small Industry and Business Institute.

He explained that there would be no problems with FEJUVE, since some members of that organization are also registered with the institute.

When asked about price controls, he replied that his office is also carefully analyzing the situation. He added, however, that in this area the people's participation is needed, or in other words there has to be a "popular movement to enforce the people's right not to be victimized by speculators."

Finally, he reported on the establishment of a high-level committee to lay the groundwork for industrial reorganization, since many industries are facing difficult situations and even bankruptcy.

Declining Mineral Production

La Paz PRESENCIA in Spanish 19 Oct 82 p 7

[Text] The results of the first half of 1982 confirm a decline in national output in the face of weak international demand analyzed earlier and very low prices on world markets, according to NOTICIAS MINERAS published by the National Association of Medium-Sized Mining Companies.

It points out that the production figures for the first half of the year show stagnation in the mining industry at the production level and a decline in earnings or dollars generated by it. "Stagnation is reflected in the fact that mineral output (for the first half) was 3.3 percent less than for the same period last year," the publication indicated.

As for the value of the output, the drop was more pronounced, up to 13 percent less than in 1981 and 28 percent less than in 1980. Production decreased in value by \$40.4 million since the first half of 1981.

Decline in Imports

Some of the primary minerals that showed substantial declines in production values are gold, silver, lead, wolfram and antimony. Tin, on the other hand, maintained price and output figures very similar to those recorded last year.

"The decline of gold and silver," according to NOTICIAS MINERAS, "is a surprising development and is attributed to the unfortunate combination of lower production (gold -56 percent and silver -17 percent) and the continued depression of their prices. The price of silver in 1982 was barely 30 percent of what it averaged during the first half of 1980."

As for antimony, the national production volume was maintained, despite a 13-percent drop in the international market price. At the same time, the market virtually closed down, leading to a decline in trading and total sales of concentrates of the order of 33 percent in comparison with 1981, including a drastic reduction of ENAF [National Smelting Enterprise] purchases.

In summary, in addition to structural factors and the economic situation which afflicted the stagnating mining industry, there was a sharp, overall drop in the selling price of minerals produced, except for zinc which increased by 8 percent. This fall in prices is, however, the result of the worldwide recession, reflected in low world consumer indices, which in turn generate low production levels in the industrialized countries.

Discouraging Outlook for Mining

La Paz EL DIARIO in Spanish 16 Oct 82 p 3

[Text] The general outlook of the Bolivian mining industry is "discouraging," as a result of domestic and foreign factors, such as low production levels, a lack of financing to implement projects, low international market prices inadequate tax and marketing policies, and other factors that require urgent attention, in the opinion of Carlos Barragan, the minister of mining and metallurgy.

As a possible solution to all these problems, this state official announced the possibility of setting up a "subregional exchange" for minerals and metals to help defend their prices. This financial organization would be formed by Bolivia, Peru and Chile, all of which produce some six minerals with similar problems and characteristics.

This project will immediately be drawn up so that it can then be discussed by the governments and adopted as one of the programs of the mining policy proposed by the governing Democratic Popular Unity Party [UDP].

Other Aspects

Minister Barragan, in response to a question about the appointment of general managers and executive directors of enterprises and institutions in the mining and metallurgy sector, said that it was up to the legislature to submit to the President the lists of candidates from which the appointments will be made.

In the meantime, his office will appoint "interim" executives so that these institutions may continue operating.

In the case of the transfer of the administrative operation of the National Smelting Enterprise to Oruro, the mining minister said that this is irreversible and that it will be a basic part of the UDP's program, in line with the department's interests.

He nevertheless acknowledged that there were social problems related to the fact that some employees for various reasons could not move to that district to pursue their jobs. In this regard, Minister Barragan noted that he had arranged for those employees to find equitable solutions through direct dialogue with the executives.

As for the reorganization of COMIBOL, Carlos Barragan pointed out that there is apparently a study prepared by foreign consultants, in cooperation with Bolivian experts. He said that this plan would be carefully considered and that the present government's view would be reflected in the policy to be implemented.

He emphasized that co-management of workers would be introduced into the enterprises and institutions in his sector, as a way of sharing responsibility for better management of public domain.

9805
CSO: 3348/57

JAPAN INCREASES ECONOMIC AID TO FARM SECTOR

La Paz PRESENCIA in Spanish 19 Oct 82 p 6

[Text] With a contribution of 1,243.5 metric tons of fertilizer and pesticides valued at \$1.3 million, the Japanese Government reactivated its assistance to our country, in time to enhance the process of institutionalization in Bolivia.

This aid will be presented to the Minister of Campesino Affairs and Agriculture, Zenon Barrientos, by Japanese Ambassador Toru Yoshimitzu at 10:00 a.m. in El Alto, La Paz.

Yesterday, during a courtesy visit from the Japanese diplomat to the state minister, he confirmed his government's decision to intensify this assistance, especially to the agricultural sector.

With regard to the 1,243.5 metric tons of fertilizer and pesticides to be donated today, he indicated that the material was valued at 300,000 Japanese yen and would be marketed through the Banco Agricola de Bolivia. The Marubeni Corporation is responsible for supplying this material, which essentially consists of ammonium phosphate, 300 metric tons of urea, and various types of plant protection products.

This grant is the first to a democratic government, after aid was broken off following the 1980 coup d'etat, which disrupted the institutional process in Bolivia.

The minister expressed his gratitude for the generous, unconditional Japanese aid, that was granted with no strings attached. This government official also requested that financial and technical aid from Japan be expanded.

Today's ceremony will be attended by government officials, special guests, Japanese officials and experts from the Ministry for Campesino Affairs and Agriculture.

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CSO: 3348/57

BRIEFS

PAZ ZAMORA ON ECONOMIC MEASURES--Bolivian Vice President Jaime Paz Zamora said that the statement he made in some areas of El Alto that the first thief who appears in this government deserves to be tried publicly was only a metaphoric way of voicing his opinion that above all the honesty of this government should be safeguarded. He stated that he had gone to several rural areas to show that he is taking responsibility for the economic measures implemented by the government last Saturday. Paz Zamora pointed out that these measures demand the people's sacrifice which will be responded to with honesty by the government. In this regard Paz Zamora stated: [Begin Zamora recording]...to demonstrate that the economic measures which the government has issued are measures which were not made at gunpoint nor due to pressure exerted by the IMF. The (?objective) was to implement democratic measures, through a democratic government, free of any type of pressure or consultation with organizations foreign to the country and taking into account the national interest. [End recording] [Excerpt] [PY102103 La Paz Radio Illimani Network in Spanish 1700 GMT 10 Nov 82]

LOYALTY BONUSES TO MILITARY--Twenty-one military officers, former President Gen Guido Vildoso Calderon included, were accused today at the Chamber of Deputies of having received loyalty bonuses from a fund of \$2 million distributed by former President Luis Garcia Meza. The charges were made by the Socialist Party-1 bloc in the Chamber of Deputies and the result was a request for a written report to be submitted to the minister of interior, migration and justice. The main question that the Interior Ministry will have to answer is whether these funds were taken out of those earmarked for national security. According to a note issued by the Chamber of Deputies the Interior Ministry has background information concerning instructions which the then de facto President Luis Garcia Meza gave to his interior minister, Celso Torrelío Villa, to distribute these loyalty bonuses among 21 army generals, commanding officers and officers. The list read in the chamber includes the names of Col Jose Faustino Rico Toro and Col Carlos Rodrigo Lea Plaza who received \$200,000 each. Colonels Guido Vildosc, Tito Justiniano, Luis Kuramoto, Romulo Mercado and Jose Quiroz Antezana received \$100,000 each. The same amount was given to Gen Carlos Tordera and to Lieutenant Colonels Alberto Gribosky, Arturo Doria Median, Jorge Moreira and Luis Cossio. [Text] [PY102342 La Paz Radio Illimani Network in Spanish 1700 GMT 10 Nov 82]

POWER COMPANY NATIONALIZATION--The La Paz City Hall, through its Mayor Benjamin Miguel Harb, has suggested to the Senate that the management of the Bolivian Electric Company [COBEE] be transferred to City Hall as is the practice in other cities in the country. In this regard City Hall has suggested some

alternatives regarding the nationalization of COBEE. In a letter addressed to the president of the Senate, the La Paz mayor pointed out that although the possibility of nationalizing COBEE seems attractive he voiced the opposition of City Hall to the management of La Paz's electric services by a state-owned enterprise such as the National Power Enterprise [ENDE]. The La Paz mayor points out that the basic public service must be managed by the local government, as is the current practice in all Bolivian cities and other cities throughout the world. He pointed out that ENDE is in charge of drawing up and implementing the policy regarding the use of electricity throughout Bolivia and not of managing an enterprise which by definition should be managed by City Hall. [Excerpt] [PY101530 La Paz Radio Illimani Network in Spanish 1100 GMT 10 Nov 82]

U.S. OIL CONTRACTS--According to Bolivian Labor Federation [COB] leader Juan Lechin Oquendo, the most effective way to improve the situation of Bolivian Government Oil Deposits [YPFB] is to cancel the one-sided contracts YPFB has with U.S. enterprises. Speaking to Radio Illimani reporters, Lechin Oquendo noted that the cancelling of these contracts would enable the government to avoid an increase in fuel prices while it would enable YPFB to receive an annual income of \$90 million. [Begin Lechin Oquendo recording] Undoubtedly, the government has had the intention of improving the situation within YPFB. For a long time YPFB workers themselves have been demanding the capitalization of YPFB and of other mining corporations. But there was another more effective way that this could have been achieved without causing a drastic price increase. This could have been done by cancelling the one-sided contracts YPFB has with U.S. enterprises. The cancelling of these contracts would have meant an annual income of \$90 million for YPFB. I believe that this amount is much higher than what YPFB will receive from the increase in fuel prices. [End recording] Asked about the COB's reaction to the recent government announcements, Lechin Oquendo noted that the COB leadership will hold a meeting very soon to fix a date for a national meeting. [Text] [PY081904 La Paz Radio Illimani Network in Spanish 1700 GMT 8 Nov 82]

COMPTROLLER GENERAL APPOINTED--La Paz, 4 Nov (LATIN-REUTER)--Antonio Sanchez de Lozada assumed his duties on 4 November as the new comptroller general within the government reorganization program. [PY111231 Buenos Aires LATIN in Spanish 2010 GMT 4 Nov 82]

JAPANESE LOAN--The Japanese government is considering the possibility of spending about \$22 million to renovate the eastern segment of the railway between Robore and Ipias. This information was provided by Japanese Ambassador Toru Yho Shimizu when he visited Transportation and Communication Minister Hernando Poppe Martinez yesterday. He said that this matter would also be studied at meetings to be held between authorities from the Central Bank and Japanese experts in the next few days. [Text] [La Paz PRESENCIA in Spanish 19 Oct 82 p 6] 9805

CSO: 3348/57

TEN-POINT NATIONAL DEVELOPMENT PLAN ANNOUNCED

Bogota EL TIEMPO in Spanish 3 Oct 82 pp 1-A, 18-C

[Text] Hernan Beltz Peralta, the head of national planning, said yesterday that, beginning this year, Colombia will carry out a "3 year development plan that is made in a Colombian way and based on genuine progress, not on mere monetarist devices."

"We will not be bound by the straitjacket that a 3-year development plan can become nor will we be pigeonholed into foreign [economic] schools. We will work on our own needs, aspirations and resources," observed the conservative engineer.

"We have been working on this plan for 5 years. Everything has been defined. All we are doing now is updating the costs," he said. Beltz Peralta became the presidential campaign manager for Belisario Betancur Cuartas in 1977.

Having devoted himself to the engineering profession in the private sector, Beltz Peralta wished to put an end to the separation existing between technical work and politics, but in his own way. "I devoted myself to researching and devising effective solutions to the big problems."

The head of planning, aware of the effort made by Colombian taxpayers to provide economic support for managing the nation's undertakings, wants to see the plans soon turned into concrete facilities. He admits, however, that this cannot be attained overnight.

Beltz Peralta--who has a master's degree in engineering from the Massachusetts Institute of Technology and serves as an advisor to international organizations, professional associations, state agencies and private concerns--revealed the bases of the banner development plan of President Betancur Cuartas:

1. To increase construction on all fronts: infrastructure, roads, highways and housing that will provide impetus for new poles of development, a criterion for decentralization to avoid having "housing or industrial capacities developing and growing only in Medellin, Cali and Bogota."

2. East to West main roads: "Colombia already has roads crossing it from north to south but it lacks main roads that go from East to West. The Ministry of Public Works will be given all the necessary resources to undertake this task."
3. Housing: "The financial sector; savings and housing organizations; important state agencies such as the INSCREDIAL [Territorial Credit Institute], the Central Mortgage Bank, funds from the Bank of the Republic and the community in general will actively participate in this field. These solutions will not be concentrated in the big cities."
4. Industry: "Support with precise guidelines is to be provided to the automotive and textile sectors. Reequipment, financing and expansion terms will be given. Agroindustry is to be opened up with the means for development and well-being."
5. Commerce: "We will take advantage of community organizations and the cooperative system for producing, marketing and transporting farm goods. This is to occur in conjunction with the opening of penetration and access roads to the marketplaces. Moreover, the Ministry of Development is working on the first set of guidelines that this country has had for the commercial sector."
6. Health and education: "Basic services are to cover everyone. Benefits that can be provided by the armed forces, the SENA [National Apprenticeship Service] and other state organizations are to be made available to those Colombians who live in isolated regions as well as in urban areas. Correspondence educational courses for the entire nation are to be established."
7. Communication: "The means of transportation are to be improved. River and land transportation are to complement one another throughout the nation: A case in point is the continuation of the Puerto Carreno, Vichada road. Only by opening side roads that go through Sarare-Pamplona, Bogota-Villao or through Chivor and the southern part of Cundinamarca will the Llanos be developed. The telephone system is to be extended. As for television coverage, it is more complex and will have to be done more slowly."
8. Reform of the Industrial Development Institute, IFI. "It was conceived as the motivating force for industrial development so that when it succeeds in stabilizing the functioning of a firm, it should leave and help other sectors. Other organizations will also be involved in supporting small, medium and large industrial enterprises."
9. Production and sales: "As a result of the impetus being given to production and marketing facilities, exporting possibilities will also come into being. Due to the constraints on imports and the increase from four to eight billion pesos in Tax Credit Certificates, we can already see the incentives at work."

10. Border areas and plan: "Airports, river ports and floating docks are to be built and transportation developed. Education and health coverage will be increased and labor fronts opened."

Development with Employment

"The economy can be pulled forward with the creation of jobs for the unskilled, of which there are large numbers in Colombia. As a result, we can affect overall development: economic growth with true well-being," said Beltz Peralta.

"We are searching for realistic bases for development and not simply implementing monetarist schemes. Of course, controls needed to avoid dangerous and harmful excesses will be kept," he added.

"Controls and problems are the same all over. Since each country has its own peculiarities, we must find our own solutions, and not be pigeonholed into foreign schools of thought."

"What is needed to achieve this is desire, more so than large resources. When these resources are viewed individually, they appear small, but seen in their totality, their importance becomes evident. Nonetheless, we should keep in mind that by crawling along we can go very far."

"What we are talking about, above all, is the mobilization of human resources and instilling great patriotic meaning in the work of the armed forces, for example: coordinating public and private efforts; converting into reality the answers to the needs that regions have and have not been realized because of a lack of communication."

"Good will is needed more than large investments. No one should sit waiting for everything to come to him without going out in search of it. The results will be the fruit of Colombians' labors. It will be an undertaking of solidarity."

"The Integrated Rural Development Program, DRI, will continue. It is an important part of the redemption of the land, the small and medium farmer and of the rural producers."

"One of our aims is to eliminate rural isolation from the city. We also want to avail ourselves of the cooperative system and of other types of production, transportation and marketing associations. We want to grant them the technical and financial assistance and the support which the administration, within natural limits, will be able to offer."

"The sum of all the small jobs can add up to great achievements. It is not necessary to begin with the unattainable gigantic things."

"Within all of this, the elimination of formalities as well as timely information will play an important role. Many times, as in the case of farm credits, the farmer does not use something because of the excessive red tape or because he does not know where it is offered."

"Everything has been invented. We are trying to effectively use what is available. Solutions should not be expected to come from Bogota when, as we have seen throughout the country, the people have said that they can solve many problems if there is coordination among themselves. That is what we are going to do."

"Naturally, the government's actions will have to reach the entire country, and we will do it. As we see it, with simple projects we can provide the means for creating work and progress that many communities want," concluded the head of planning.

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CSO: 3348/8

ANIF POLL: CAPITAL RESIDENTS FAVOR TALKS WITH GUERRILLAS

Bogota EL TIEMPO in Spanish 5 Oct 82 p 16-A

[Article by Roberto Rojas Monroy]

[Text] Medellin, 4 Oct--According to a poll done by ANIF [National Association of Financial Institutions] in the nation's capital and reported here, 95 percent of the population of Bogota said that the most effective solutions to the guerrilla problem are dialogue and negotiations.

These soon to be published statistics are part of research conducted between March and May 1982.

It was noted that 60 percent of the citizens of Bogota believe that the best way to solve the guerrilla problem is to eradicate poverty, while 40 percent gave greater importance to immediate solutions involving, in particular, dialogue and negotiations with the armed rebels.

The results of the poll--which were given to EL TIEMPO as an exclusive by Pedro Javier Soto, president of ANIF--show that eight out of every ten inhabitants of Bogota agreed with the idea of talks between the government and the armed rebels, one disagreed and one was undecided or failed to see the import of the proposal.

It is significant that people with low incomes, those between the ages of 26 and 40 and males were the ones who favored dialogue the most.

Those with high incomes were primarily the ones less inclined toward this solution.

By comparing opinions expressed in other polls, it can be established that, in general, support for armed combat has decreased tremendously: It has gone from 5 to 2 percent while popular support for a solution involving dialogue and negotiations has increased from 19 to 30 percent.

In the poll, which will be made public in its entirety on 20 October, the impact on public opinion of the Peace Commission created by the former government will stand out.

It was discovered that 60 percent of the population of Bogota knew of the commission.

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CSO: 3348/8

CARDINAL SUPPORTS AMNESTY FOR REBELS

Bogota EL SIGLO in Spanish 6 Oct 82 p 9

[Text] As he left Narino Palace today after having had broad discussions with President Belisario Betancur, Cardinal Anibal Munoz Duque, primate of Colombia, stated that he fully shares and supports the government's idea of granting wide ranging and generous amnesty to the armed rebels.

The cardinal also stated that, in his opinion, atrocious crimes, especially those which denigrate human dignity, should not be covered in the amnesty.

Cardinal Munoz maintained that Monsignor Revollo, president of the Colombian Episcopal Conference, as well as the prelates who make up the Peace Commission, has his complete backing to promote talks with guerrilla groups as a means of helping in the search for peace.

"God is the judge par excellence," said the cardinal. "All of us should stand in front of God, asking Him for the necessary insight to define the limits that all measures leading toward peace must have. If the law resolves that atrocious crimes have been committed against human dignity and society, then these should not be included in the amnesty. But of course, there is great flexibility in adapting man's laws, which must be reconciled with the circumstances and necessities of each nation."

Regarding his support for the prelates who make up the Peace Commission, Cardinal Munoz said: "They have it fully. I do not now have any leadership function in the Episcopal Conference, but as a prelate of Colombia, as their friend and as a member of the Episcopal Commission; I am in permanent contact with them and they have my full support as well as that of the see.

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CSO: 3348/8

EXOCET-ARMED CORVETTES BEING TESTED

Paris LA NOUVELLE REVUE MARITIME in French Sep-Oct 82 p 162

From the "NAVAL SHIPS" column by Jean Labayle-Couhat

Text The "Almirante Padilla," first of the four FS 1 500-type corvettes that Colombia has ordered from Howaldtswerke of Kiel is undergoing tests. These corvettes have the following specifications:

Displacement: 1,800 tons fully loaded

Length: 100 meters overall, 95.3 meters between uprights; beam: 11.3 meters

Propulsion: Four MTU 20 V 1163 TB 82-type diesels; twin screws

Maximum speed: 27 knots

Armor: Eight MM 40 "Exocets;" one compact 76 CA OTO-Melara in the bow, two 40 CA (11x1) Breda-Bofors in the stern.

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CSO: 3319/1

RURAL DEVELOPMENT PROJECT PLANNED IN NORTH

San Jose LA NACION in Spanish 26 Sep 82 pp 1C, 3C

[Article by Hubert Solano]

[Text] An integral rural development project that will include most of the border with Nicaragua, located in the provinces of La Cruz in Guanacaste and Upala in Alajuela, is ready to be implemented, according to studies done by the Ministry of National Planning and Economic Policy.

The aforementioned ministry established that, due to social, productive, and infrastructure problems, the north is one of the relative least developed areas, in spite of its agricultural and livestock potential.

Therefore, the northern border region will have priority in the actions proposed by the government, which are designed to eliminate regional development imbalances.

Integrating the Borders

The project reminds us that development is especially important for the two borders, which because of their geographical characteristics, are the most far removed from economic and administrative centers.

He adds that it is fundamental to incorporate the border regions into the economy of the rest of the country, for the sake of territorial and economic unity.

These development criteria were considered to be relevant in the case of the northern zone, which has power as far as agricultural and livestock production is concerned and one of the highest immigration rates in the country.

Nevertheless, when mentioning the zone's outstanding characteristics, the low degree of agricultural and livestock development stood out, due in part to a gap between the soil utilization capacity and the current use of the soil.

The lack of communication routes, marketing difficulties, disorderly colonization, landholding problems, the lack of social services, and the low

degree of cultural and civic identification that the inhabitants have with the rest of the nation are also mentioned.

The project, in addition of procuring that zone's production for the benefit of the nation and increasing productivity and the area under development, which has an area of over 20,000 hectares, will benefit approximately 40,000 inhabitants. This population has the highest rates of poverty, illiteracy, and malnutrition.

It was at the same time argued that the project will help to solve the problems described above, and will also create an administrative system in which the participation of the beneficiaries of the decisionmaking process is fundamental and will serve as a model for subsequent development stages, in the north as well as elsewhere.

Cost

The project, which will be implemented over a period of 5 years, will cost \$42.4 million, of which \$22.3 million will go to a loan program for the productive sector, \$14.5 million will go to infrastructure (mainly roadways), and the remaining \$5.6 million will go to financing production, project administration, and special studies.

Contingency expenses for the period during which the project is to be implemented were estimated at \$24.9 million, which pushes the total cost of the project up to \$67.4 million.

To carry out the plan, it is necessary to obtain a foreign loan for \$47.7 million for the purpose of financing the foreign exchange element (42 percent) and local expenses (28 percent). The government will contribute \$16 million and the loan program's beneficiaries will provide \$2.9 million.

The studies showed the feasibility, economically and socially, of every one of the items under the project and of the project as a whole, in addition to the suitability of its implementation.

Details of the Plan

To further agricultural development, the expansion of the area under cultivation with staple grains by 4,500 hectares--of which 1,500 will be for rice, 900 will be for corn, 1,500 will be for beans, and 600 will be for sorghum--will be financed.

Furthermore, cacao cultivation will be increased by 1,500 hectares, palmetto cultivation will be increased by some 1,000 hectares, and a canning plant will be opened in Upala.

The provision of funds was also made to finance 1,500 hectares of sugar cane to produce fuel alcohols, and the planting of fruit trees (mainly citrus, coconut, cashews, and other fruits fit for growing in that area) will be promoted.

Thought has also been given to increasing the area set aside for leafy and tuber vegetables by about 100 hectares, which will mainly be for national consumption.

Other areas to receive investment from the loan in the field of agricultural production will be: land reclamation, drainage, domestic roadways, rural construction, seed purchasing, agricultural chemicals, and to a lesser extent, machinery and equipment.

In the area of livestock development, financing will be given to the production of meat, milk, and their by-products. For new grazing land and [its] improvement, 1,500 hectares will be used.

The plan also includes the setting up of two nurseries to support a plan to reforest 2,000 hectares with native species; a forestry program will also be initiated.

Regarding poultry, a total of 1,500 farms will be established on the Juan Santamaria settlement (the old Murcielago ranch).

Furthermore, commercial fishing will be developed in two coastal settlements and the reparation and enlargement of salt pits will be financed.

In addition to technical assistance and land title awarding programs, the six peasant settlements that the Institute of Agricultural and Livestock Development has in the zone will be provided with an infrastructure of approximately 55 km of domestic roadways, six aqueducts, 103 housing structures, and health and education services.

The roadway infrastructure at the same time includes the construction of 64 km of main roadway that connects Santa Cecilia-La Cruz and Upala and around 65 km of rural roads.

At the same time, 83 km of country roads that interconnect the small hamlets in the area will be improved. A tractor, a leveler, a loader, and small wagons will be purchased.

There will be four rural health posts in La Cruz, Dos Rios, Canalete, and Cano Rito; some will be repaired, others will be built. According to plan, a mobile odontology unit and 5,000 latrines will be purchased and 32 aqueducts will be set up.

In education, it will be necessary to build 30 classrooms to take the place of those that are in bad shape and to enlarge some schools. They will also repair 50 classrooms and will equip the schools with 2,000 desks and instruction materials. For the teachers, 40 small houses will be built.

For mail services, telegraph, migration, and other functions, 18 civic centers will be constructed.

The Business Aspect

The value of the production achieved will be 315 million colons annually, that is, 60 percent more than the current value of 200 million colons.

That noteworthy increase is due mainly to the large production volume of the cane program (124,000 tons per year), to the high value of the palmetto yield (58 million colons per year), and to the increased productivity and expansion undergone in cattle raising (43.5 million colons per year).

Together, the volume of rice, corn, beans, and sorghum will go from 13,700 tons to 26,200 tons per year, thus doubling.

The National Production Council, the Ministry of the Economy, and other state offices will control the prices and other factors in marketing to guarantee sales to the producers.

Of the 315 million colons that are expected to be derived, 242.1 million would be in foreign exchange, since the production of corn, sorghum, and beans (46.4 million colons) would take the place of imports. Production in the areas of cattle raising, cacao, pejibaye, and rice (195.7 million colons) are exports.

Overview

The project zone is located in the northwest of the country. It extends from the waterline of the Guanacaste volcanic range to the border with Nicaragua and from the coasts of the Santa Elena Peninsula and Salinas Bay, located on the Pacific Ocean, to the Rito River in the environs of the Cano Negro area's small lakes.

The region includes the provinces of La Cruz and Upala, along with their towns of Santa Elena, La Garita, Santa Cecilia, Dos Ríos, Aguas Claras, San José, Las Delicias, and Bijagua, with approximately 300,000 hectares, the majority of which is covered by grazing land, forests, national parks, reserves, marshes, and thickets. Only 10,000 hectares are devoted to agriculture.

The region's 40,000 inhabitants make up about 7,200 families, whose economically active population is only 18 percent. There are 13,000 people between the ages of 12 and 60 that are scattered on farms and small dwellings.

The region has 173 populated centers, of which 160 have less than 500 inhabitants. Only Upala, La Cruz, and Santa Cecilia have more than 1,200 inhabitants each.

The greatest concentration of the population is in the agricultural zones of the east from Upala to Santa Cecilia, a region that is beginning to stand out as an important center of development. This increase is mostly due to immigration, of Nicaraguans as well as local inhabitants of the provinces of

Guanacaste and Puntarenas. They have been hard hit by the droughts characteristic of the Pacific coast and have come in search of better lands and permanent grazing land on the other side of the mountain range.

Moreover, the roadway infrastructure of the region is practically nonexistent, since the system of roads and paths that interconnect farms and dwellings are not passable by vehicles during most of the year.

Only the populations of Santa Cecilia, Guajiniquil, and Upala are connected to the Inter-American Highway by good roads. Small hamlets located high up in the mountain range's passes, such as Dos Rios and Guayabo, also have access to the Inter-American Highway, but under very bad conditions.

The region's many rivers have neither bridges nor small bridges and are crossed by natural fords. Many of the inhabitants get around in boats on the rivers, small lakes, and narrow channels.

The region with this overview is where a large-scale project designed to give the northern part of the country a boost will be set in motion.

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CSO: 3248/111

GOVERNMENT PLAN FOR PAYING FOREIGN DEBT EXPLAINED

San Jose LA NACION in Spanish 27 Sep 82 p 4A

[Article by Lidiette Brenes de Charpentier]

[Text] The government set forth a general plan for meeting the payment of the foreign debt next year which has already exceeded \$3.5 billion, said engineer Rodolfo Silva, Advisor Minister of Foreign Finances.

The plan consists of the following points: principal and interest will be paid for institutions submitting development plans, the so-called "multilaterals."

Only interest due private banks and governments will be paid, using a flexible formula which is in direct ratio to the nation's ability to pay.

Recommendations the committee made up expressly for studying the matter of holders of bonds, known as "Euro-Bonds," will be considered.

Conditions for payment of certificates of deposit in dollars from the "foreign exchange reservoir" will improve.

The exact sums that will be paid out monthly are not yet set. They will be the focus of negotiation within each category of creditors and it is not intended to start them before the end of the year, when Mr Silva foresees that the International Monetary Fund (IMF) agreement will take effect.

The tacit agreement reached by the government and creditors towards the end of last year, when faced with the impossibility on the part of our government to liquidate accounts with them, was to let 1982 go by without pressures, a period in which Costa Rica would show it was a good payer of amounts it could well meet.

Three months before year's end the options were reshuffled due to the irrefutable realization that the country cannot meet its obligations in accordance with the initial terms, since loans would exceed 4 billion dollars between 1982 and 1986 in order to pay off the principal and interest, according to figures submitted by economist Dr Eduardo Lizano Fait.

Mr Silva said that the plan that was made will have to be negotiated and accepted by all parties.

The minister assured that the multilateral debt with the World Bank, the Agency for International Development, the Central America Bank for Economic Integration, among others, will be the only one paid in its two components; that is to say, amortization of the principal and interest will be paid.

On 31 March 1982, \$815 million which is 27.34 percent of the total debt, was owed to these institutions.

Commercial banks--some 140 around the world--were owed \$1.279 billion on the same date, a sum to which should be added some \$500 million more in September. They amount to 42.88 percent of the total.

A meeting with the executive committee of those commercial establishments is set for November or December for the purpose of explaining to them that negotiation ought to be based on the government's ability to pay, for which they should not expect us "to tie ourselves down with rigid formulas," he said.

So far as contracted loans with friendly governments is concerned, termed bilateral debts for that reason, talks will take place in the Club de Paris, Silva stated.

He added that they hope to get the same provisions that other governments have got. According to the English magazine, "EURO-MONEY," August 1992 edition, typical arrangements by the Club are as follows: 85 percent of the debt that was made using different payment periods is consolidated, a grace period of 4 or 5 years is granted and it is amortized in 5 years.

All this means that it will be up to the next government to begin payment of the principal. The amount of the debt in this category is \$402 million or 13.48 percent of the total.

Mr Silva said the Club de Paris meeting will take place in December.

Euro-Bonds, placed mainly in Europe and Japan, come to 140 million colons, that is, 4.7 percent of the entire debt.

Mr Silva did not care to refer to them in depth as he thought it was a very delicate matter and can raise sensitivities among the other creditors.

The data that LA NACION collected from other sources say that on last 4 June a report was submitted which had been prepared by a tripartite committee, made up of representatives of the executive committee of commercial banks holding bonds and the Costa Rican Government.

The report recommends a restructuring by consensus of the holders. The problem arises, some observers said, in reaching a consensus among private banks, associations, and even widows and pensioners who are holders of these

bonds. If Costa Rica restructured its debt, they added, that would set a disastrous precedent because in the history of restructuring there is not a country that dared do it. Most recently, not even Mexico yielded to pressures to stop payment of interest on its bonds.

The last class of creditors that the government has are holders of time limited certificates of deposit, from the reservoir, which came to \$346 million, or in relative terms, 11.6 percent of the total.

At the present time they are in the financial market at half their value because of the uncertainty that their payment carries with them. Minister Silva assured that there will be an improvement in payment conditions and he is sure they will go up in value very soon.

The size of payments will depend on the country's ability to pay, but this, in its turn, depends on what?

On an equation, Engr Silva confided. On foreign exchange through exports, on more foreign exchange coming in from investments, and on more foreign exchange through the concept of loans.

"Which does not mean that foreign exchange be taken from loans in order to pay the foreign debt, but as all dollars end up in the same vault and are the same color, in the end what the fate of each one was will not be known."

He estimated some \$15 million a month will be interest payments, which they are capable of handling. Even though the regular budget for the executive branch for 1983 allowed \$3.503 billion for this item, the equivalent of some \$5.8 million per month. Mr Silva asserted that the remainder will be rounded off with what autonomous institutions contribute.

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CSO: 3248/150

TANK UNIT TRAINING ACTIVITIES DESCRIBED

Havana VERDE OLIVO in Spanish 30 Sep 82 pp 36-39

[Article by Jorge Luis Blanco]

[Text] As part of its training, this tank unit has conducted a tactical firing exercise in which the personnel displayed their offensive combat skills. Self-propelled antiaircraft units and ground artillery batteries provided effective support of the actions.

It is known that tank fire is one of the most powerful means of destroying and neutralizing the enemy.

The exercise carried out by these tank crewmen served to demonstrate the magnificent training to destroy each of the different targets that appeared on the simulated battlefield, with priority on the most dangerous targets and on expending the least time and ammunition.

This time the results of the combat firing have been the best. As the men involved in the exercise have said, the good condition of the armament and equipment during the performance of each of the missions was the primary factor leading to such results, along with the opportune detection of targets, rapid and precise location of targets, adequate selection of weapon and ammunition, selection of the most appropriate firing method, determination of initial firing data as precisely as possible, observation of firing results and correction if necessary.

Now then, how did these tank crewmen attain this accurate fire which is so indispensable in modern combat?

Undoubtedly, the individual firing exercises conducted systematically is one of the reasons for this success. They provided the crewmen with the necessary training to solve the firing problems that arise in modern combat.

During those training sessions, each crewman improved and broadened his knowledge of preparation for and firing. Subsequently, and as the training developed, the effort of the combatants was aimed primarily at combat cohesiveness and mastery of firing the weapon.

It was highly important during the training that the exercise be conducted under conditions similar to real combat, in actual actions as well as in the application of theories of firing fundamentals and rules.

Field training is a standing rule for these men in their combat training because in this way they raise not only their combat qualities but also their moral ones. On a field as similar as possible to a battlefield, they continued to put into practice that premise which is so important in contemporary military tactics.

There are other highly important factors involved in the excellent result of this combat firing exercise. They include the magnificent plans made by the members of the staff, as demonstrated in the field training sessions and utilization of various means of communication. Thus, this command organ perfected, among other things, its cohesiveness and work. Subsequently, this led to the correct decisions of the unit's chief during the actions.

The unit's chief himself mentioned to us other important factors that made it possible for this military unit to gain the qualification of GOOD.

Tactical classes on dismounted formation with combat equipment and simulated firing sessions were held prior to the exercise. They helped to strengthen the cohesiveness of our tank crewmen and the skills of our chiefs in commanding small units.

Likewise, fire direction classes with a mockup were held for the chiefs of small units. Among other things, range determination to hit the targets was improved and the voice commands that must be given at all times were studied at these classes.

It is important to note that priority problems always were studied in the training completed by these combatants. They included skillful use of combat equipment to maneuver on the battlefield and effective use of the armament so that they can always be first to open fire and thus destroy the enemy at maximum distances.

The driving lessons conducted prior to the exercise were vital. During each of the tasks performed, emphasis was placed on improving marches in column, sudden change of direction and advance, observation of the battlefield, fire direction skill and use of radio equipment.

Other subjects taught--and put into practice by the tank crewmen in this exercise--were concerned with the fight against incendiary agents and actions of the crew in case they are used; methods of establishing communication and improved compliance with radio discipline by the personnel.

Political and party work before, during and after the exercise cannot be overlooked. It was aimed primarily at clarifying the missions and teaching the combatants the need to follow the line of fire exactly, and to perform the tasks, care for the equipment, observe safety measures and other aspects with exalted discipline and swiftness.

All of the aforementioned helped this tank unit to complete another phase of its combat training, which has left positive experiences in the men who are part of the iron fist of our Revolutionary Armed Forces.

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CSO: 3248/92

MILITARY OFFICERS RECEIVE SOVIET AWARD

Havana VERDE OLIVO in Spanish 30 Sep 82 p 57

[Article by Ruben Placeres]

[Text] A large group of FAR officers have received the "For Strengthening Militant Brotherhood" medal, awarded by the USSR Supreme Soviet Presidium on the recommendation of the minister of defense of that fraternal country.

The ceremony, held at the FAR Ministry headquarters, opened with the entry of the flags and playing of the national anthems of Cuba and the USSR. Navy Capt Mikhaylov Gennadiy, military, naval and air attache to the Soviet Embassy in our country, read the order of the USSR defense minister, Marshal of the Soviet Union Dmitriy Ustinov, by which the high decoration is awarded to the Cuban military officers.

Vladimir Goncharenko, charge d'affaires ad interim of the USSR embassy; Col Gen Vladimir Konchits, principal military advisor to the MINFAR; and Navy Capt Mihailov Guennady presented the medals.

Speaking at the ceremony, Col Gen Vladimir Konchits said he was fulfilling the mission of the Soviet Armed Forces of recognizing the merits of the decorated comrades.

He referred to the international situation "which now is more complex" and to the imperialist intention of maintaining the colonial system. He said the genocide committed in Lebanon, with the support of the United States, could be compared to the ones committed by Hitler's fascists.

The Cuban FAR, led by the Communist Party, by Commander in Chief Fidel Castro and by the FAR minister, Army Gen Raul Castro, are capable of performing the missions assigned them, he emphasized.

Lastly, he congratulated the decorated officers and wished them success in their work which he said is "hard but quite necessary."

In behalf of the decorated officers, Div Gen Abelardo Bolome Ibarra, alternate member of the Politburo and first deputy to the FAR minister, expressed the deepest gratitude for the honor bestowed them. He added that

they will always wear the medal on their chest as a symbol of the irrevocable friendship, community of principles and objectives and close revolutionary and internationalist bonds that link the homelands of Lenin and Marti.

Elsewhere in his remarks, he said the medal they now were receiving was beyond their merits and that they owed it to the personal example and teachings of the commander in chief and of the FAR minister; and to the officers, noncommissioned officers, sergeants, soldiers and sailors who along with the Soviet specialists have worked to raise the defense capability of the FAR, and to all the comrades who have died over these years.

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PCC FOUNDING MEMBERS IN VARIOUS FAR UNITS

Construction, Housing Troops

Havana VERDE OLIVO in Spanish 14 Oct 82, No 41, p 54

[Article by Hilario Pino]

[Text] The CAT [Construction and Housing of Troops] Directorate held the presentation ceremony of Certificates as Founding Member of the Party to a large group of members of the PCC [Communist Party of Cuba] with the motto "the rank of founding members of the party is a great honor and a great responsibility." Earlier, similar ceremonies were held in centers of the Political Sections of the Eastern and Central Region and in the units of the CAT Directorates.

When Maj Juan Carlos Garcia concluded the emotional ceremony, he stated: "This ceremony is the culmination of the arduous and in-depth work carried out by the FAR committees and subcommittees to determine who would deserve the rank of founding member of the PCC, according to the statutes."

In another part of his speech, he said: "Many of you participated in the victorious battles fought against the counterrevolutionary bands in the Escambray and in other regions of the country, were in the battles at Bay of Pigs, were part of the contingents sent by the FAR to the Sugar Harvests of the People to make your valuable contribution to the development of the national economy or fulfilled your internationalist duties in Angola and Ethiopia."

In conclusion, he said: "The rank of founding members of the party conferred on you today represents not only a great honor but also a great responsibility, a firmer and greater commitment to the party itself, to the socialist revolution, to the people and to our FAR."

Others present at the ceremony to present the certificates included: Lt Col Engineer Rafael Morales Velazquez, alternate for the minister of the FAR for CAT; Col Giraldo Thaureaux Armesto, chief of the CAT Political Section; Hector Suarez Lopez, secretary general of the Sectorial Committee of the National Union of Civilian Workers in CAT; and invited officers.

Youth Labor Army

Havana VERDE OLIVO in Spanish 14 Oct 82, No 41, p 54

[Article by Ruben Fonseca]

[Text] Members of the EJT [Youth Labor Army] received Certificates as Founding Members of the Party in an emotional ceremony held in the General Staff of that FAR institution. Other EJT members deserving this high rank will receive it later since they are on missions.

During the ceremony to present the certificates, those present had a minute of silence to honor the memory of Com Ernesto Che Guevara who died 15 years ago in Vado del Yeso, Bolivia, fighting for the freedom of the peoples of our America.

The conclusions of this emotional ceremony were given by Col Roberto Santos Sarduy, chief of the Political Section of the EJT. He stated that the certificates that the members received are a recognition that our party gives to the comrades who, as members of the Rebel Army or of one of the organizations that carried the decisive weight of the battle against the Batista tyranny, contributed to the achievement of the popular victory on 1 January 1959 and, throughout these years of tenacious and prodigious work in the building and defense of the new socialist society, have maintained unswerving conduct in accord with the revolutionary principles.

After congratulating the members who received this great recognition, Colonel Santos Sarduy said that, facing the growing demands of the constant development and improvement of the FAR, this group of founding members of the party has progressively increased its ideological, special, military and cultural training in accord with those requirements.

He concluded: "In short, you have been loyal fulfillers of your military, party and social duties during these 23 years of revolutionary struggles and victories."

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CSO: 3248/160

PARTY'S ROLE IN DEVELOPING PATRIOTISM EXPLAINED

Havana VERDE OLIVO in Spanish 14 Oct 82, No 41, pp 31-33

[Article by Lt Col Eugenio Suarez Perez, candidate for doctorate in historical sciences]

[Text] The PCC [Communist Party of Cuba] is constantly concerned with teaching the working masses--mainly the youth and children--love for the national symbols of the fatherland that represent the revolutionary and combat traditions of our people. The thesis on the education of children and youth approved at the First PCC Congress and reaffirmed at the Second PCC Congress indicated that, throughout the educational process, special emphasis is placed on cultivating love and respect for the symbols of the fatherland in children and youths.

Article 2 of the Constitution of the Republic of Cuba designates the national symbols: the flag with the single star, the Hymn of Bayamo and the shield of the royal palm. These are the symbols that have predominated for more than 100 years in the Cuban fights for independence, the rights of the people and social progress.

The national symbols include the national anthem, known in the last century as "La Bayamesa" or the Hymn of Bayamo. Its author, Perucho Figueredo, was one of the main leaders of the revolution which began in 1868.

Only 10 days from the birth of the Mambi Army with Carlos M. de Céspedes' uprising in La Demajagua, the people made the words and music of the hymn theirs and sang it publicly and en masse for the first time on 20 October 1868 when the city of Bayamo was taken. From then on, for all the generations of Cubans who did not let the voices of the people of Bayamo be silenced, the hymn was the spiritual inspiration of the historical continuity of our revolutionary process.

Born with the revolution, the hymn soon became a combat chant, a call to combat and a weapon of victory. The revolutionary song expressed the spirit of rebellion, courage, love for the fatherland and honor. This materialized in Fidel's words on 2 January 1963, the fourth anniversary of the triumph of the revolution. He said: "...without a fatherland, we do not want life; without freedom, we do not want life; without honor, we do not want life; without justice, we do not want life; without a future, we do not want life! Therefore, we say: Fatherland or death! Therefore, the anthem of our independence fighters stated

very clearly: to live in chains means to live sunk in infamy and dishonor and to die for the fatherland means to live!"²

The music and words of the national anthem have been present in every day of combat and are found engraved forever in the pages of the history of Cuba and in the revolutionary philosophy of the people. This makes it a national symbol. Its stanzas have been interpreted by the chorus of leading participants in revolutionary work: the Mambi Army, the workers, peasants, the Centennial Generation, the Rebel Army, the students and today all the people of Cuba. It has been directed by men like Cespedes, Agramonte, Maceo, Gomez, Marti, Mella, Jesus Menendez, Lazaro Pena and Fidel and has had the revolutionary struggle as its permanent setting.

The national anthem would become an instrument to light and feed the patriotic flame of the fighters for national liberation. The social revolution would be the spiritual weapon of several generations until now. Understanding that the spiritual strength of the anthem was capable of becoming material strength, Jose Marti was in charge of publicizing it in the newspaper of the Cuban Revolutionary Party. In the issue of 25 June 1892, we can read: "Today PATRIA publishes the anthem so that every lip sings it and every home harbors it, so that tears of pain and love flow from those who heard it in sublime combat for the first time, so that the blood stirs in the young veins. In the most beautiful and solemn hour of our fatherland, the honor sleeping in the chests of men woke up with its chords."³

Just as the vibrant notes of the national anthem moved the men of 1868 and 1895, they inspired the Centennial Generation headed by Fidel in the decade of the 50's. Once more confirming the spiritual strength of the combat chant in the new revolutionary stage, Fidel stated in his historic plea of self-defense known as "La historia me absolvera": "We were taught to love and defend the beautiful flag of the single star and to sing an anthem every afternoon whose verses say that to live in chains means to live sunk in infamy and dishonor and to die for the fatherland means to live. We learned all that and we will not forget it."⁴

The history of the fatherland contains many critical moments when the national anthem was sung. Moments before leaving to fulfill the historic mission of 26 July 1953, the Moncada youths sang the words of our anthem. Later Raul Gomez Garcia's verses were read. One of his stanzas states: "In the name of the honor and decency that its history constructed through the magnificent stanza of the anthem 'to die for the fatherland means to live.'"⁵ Then the guiding words of Fidel were heard. He expressed the decision to win or die. Lastly, Abel Santa Maria, addressing his comrades in arms, ended his speech with the historic phrase of the anthem: "To die for the fatherland means to live!"

It is fitting to point out that Section 9 of the Moncada Manifesto to the nation written on 23 July 1953 by Raul Gomez Garcia himself stated: "The revolution...states that the only flag is the tricolor with the single star and carries it as always, high and steady, to combat. There is no other anthem than the Cuban National Anthem recognized throughout the world by the emotional stanza: 'To die for the fatherland means to live.'⁶

During preparations in the territory of the fraternal Mexican people for our last rebellious action, the stanzas of the Cuban anthem were also present. We saw Fidel in front of the monument to Jose Marti in Mexico City on 10 October 1955 to commemorate the beginning of the Ten Year War. He gave an emotional speech where he passionately cited the national anthem, pointing out the verses that say: "To live in chains means to live sunk in infamy and dishonor. To die for the fatherland means to live."⁷

About a year later during the crossing of the yacht "Granma," a chorus of 82 expeditionaries sang the stanzas of the Hymn of Bayamo and the 26 July March. Both songs harmonized after the assault on Moncada barracks just as the national anthem harmonized with the "Invader" in the War of 1895.

After the landing of the "Granma," the stanzas of this patriotic song stirred the blood and revolutionary spirit of the Cuban youth. They were heard in the mountains and the plains, in worker and student demonstrations. One example is cited by Brig Gen William Galvez in his work "Camilo, Señor de la Vanguardia": "Camilo went to the school and spoke to the children. He told them to ask the teacher to explain who Marti was and why he had fought and died. He placed a wreath at the bust of the Master, the national anthem was sung and the children shouted loudly with us: Long live free Cuba!"⁸

At another time in the invasion of Camilo's heroic column, the entire troop suffered the effects of a bad flu attack, accompanied by fevers and chills. The heavy rains continued and the column continued marching. William Galvez wrote: "The commander began to sing. This is what happened: the column continued marching while we sang as loud as possible the national anthem and the 26 July March. We cheered the revolution, Fidel, free Cuba, etc."⁹

Since the victory of 1 January 1959, our anthem has been sung with greater emotion since the free fatherland was proud of the men who did not fear an honorable death.

Since then, the revolutionary struggle of the people prevails in the fights for consolidation of power and the construction of socialism. It was present in the struggle against outlaws, at the Bay of Pigs, in the October Crisis, during the two party congresses, in the marches of the fighting people and in the many rallies in the plaza with Fidel.

On 26 October 1959, a time of revolutionary definitions, Fidel proclaimed the formation of the National Revolutionary Militias. In his emotional speech, he exclaimed: "We will fight against those who dare try to destroy the revolution! We take the oath of the people, you and us, that Cuba will triumph or we will all die! Because now, more than ever, we make the words of our anthem ours when it states: Run to combat, people of Bayamo; the fatherland is proud of you. You do not fear an honorable death since to die for the fatherland means to live."¹⁰

Another time when its vibrant notes of combat inflamed souls more than ever, lifted spirits and inspired the desire to fight was on 16 April 1961 when our commander in chief proclaimed the socialist nature of the revolution on the

eve of the Yankee aggression at Bay of Pigs. On this occasion, he finished his speech with the historic "Fatherland or death. We will win." Then Fidel exclaimed: "We are going to sing the national anthem, comrades." (Those present sang the national anthem.) He continued: "Comrades, all units must go to their respective battalion headquarters because of the mobilization ordered to keep the country in a state of alert facing the imminence of an attack by the mercenaries deduced from all the events of recent weeks and the cowardly attack yesterday. Let us march to the houses of the militiamen, let us form battalions and let us prepare to face the enemy with the national anthem, with the stanzas of the patriotic hymn, with the cry 'to battle,' with the conviction that 'to die for the fatherland means to live' and that 'to live in chains means to live sunk in infamy and dishonor.'"¹¹

In tune with the stanzas of the national anthem on the sands of the Bay of Pigs, the people and their armed forces defended the socialist revolution and gave Yankee imperialism its first defeat in Latin America.

The words and music composed by Perucho Figueredo crossed the geographic frontiers of our country. Thousands of Cubans have sung it in other lands which have asked for our aid. On this occasion the combat chant reached its highest expression: proletarian internationalism. When we say "to die for the fatherland means to live," that fatherland as defined by Jose Marti and ratified on many occasions by our commander in chief is mankind.

To sing the national anthem at political events and military ceremonies or in times of danger for our fatherland and to listen to it with emotion and pride at sports events when our athletes have won a gold medal are among our most beautiful revolutionary traditions.

To sing or listen to these notes must evoke the martyrs who gave their lives for this revolution and goad our consciences to inspire us to fulfill our daily tasks.

Fidel taught us this when he was in prison. On 31 December 1953 when he heard the national anthem precisely at 12 midnight, he wrote: "It is just to lift the first and purest remembrance of this day to the brave people who died for the fatherland because they wanted, in this way, to live eternally rather than resign themselves to a wretched existence shackled by infamy and dishonor. How many will remember them at this moment? I have the cruel feeling there are very few. On the other hand,...many amuse themselves and laugh....Perhaps in many poor homes--especially there in the indomitable Oriente--when they hear the national anthem, the noble and good sons of this land think about the dead."¹²

Therefore, when singing it on 20 October in our military units, work and study centers and in the Committees for the Defense of the Revolution, we will not only recall the day when it was sung for the first time but proudly recall those who did not fear an honorable death and were convinced that to die for the fatherland means to live!

FOOTNOTES

1. See Theses and Resolutions, First PCC Congress, DOR [Revolutionary Orientation Department], Havana, 1976, p 541.
2. Fidel Castro Ruz, "Aniversario del triunfo de la revolucion cubana," Editora Politica, Havana, 1976, p 109.
3. Taken from GRANMA, 19 October 1978, p 2.
4. Fidel Castro Ruz, "La historia me absolvera," Cinco Documentos, Ciencias Sociales, Havana, 1971, pp 109-110.
5. Taken from "La generacion del centenario en el juicio del Moncada" [The Centennial Generation at the Moncada Trial] by Marta Rojas, Ciencias Sociales, Havana, 1973, p 227.
6. Ibid., p 62.
7. See "De Tuxpan a La Plata," Orbe, Havana City, 1979, p 12.
8. Taken from "Camilo, Senor de la Vanguardia" by William Galvez, Ciencias Sociales, Havana, 1979, p 266.
9. Ibid., p 306.
10. Taken from "En Marcha con Fidel" [Marching with Fidel] by Antonio Nunez Jimenez, Vol 1, Letras Cubanas, Havana City.
11. Fidel Castro Ruz, "Discursos" [Speeches], Ciencias Sociales, Vol 1, p 34.
12. Taken from "La Prision Fecunda" [The Fertile Prison] by Mario Mencia, Editora Politica, Havana City, 1980, p 42.

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CSO: 3248/160

ENLISTED MEN'S CLUB AT CENTRAL ARMY UNIT OPENS

Havana VERDE OLIVO in Spanish 14 Oct 82, No 41, p 53

[Article by Lesmes Larrosa and Gabriel Izquierdo]

[Text] On a recent summer afternoon, an old desire of this study unit of the Central Army became reality: the opening of its Enlisted Men's Club. It was inaugurated by Div Gen Sixto Batista Santana, alternate member of the Politburo of the party and chief of the FAR Central Political Directorate. Div Gen Pedro Garcia Pelaez, member of the Central Committee and chief of that command, was also present.

The soldiers went to their club filled with joy to participate in the cultural and recreational activities that the installation makes possible.

That joy was more than justified because this institution is an ideological work center for the troops and serves as support for political, cultural and recreational work with the enlisted men.

Every square meter of the installation was used. They now enjoy a discoteque and different rooms for reading, exhibits, recreational games and television. The personnel are also brought into contact with our traditions when they visit the history room which contains material and graphic testimony of the combat glory of the people, the FAR and that unit.

There were amateurs who, from the first day, gave full rein to their artistic inclinations since there is a room for art appreciation and a place for rehearsals.

This is only the beginning. The new club still has many tasks left: thematic meetings, meetings with all the personnel, question and answer sessions, historical commemorations, cultural and recreational activities, the promotion of amateur groups and visits to historic places, museums and theaters.

There is no doubt that its influence will soon be felt.

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CSO: 3248/160

HAVANA MUNICIPAL ASSEMBLIES REVIEW ACTIVITIES NOTED

Havana BOHEMIA in Spanish 8 Oct 82 No 41 pp 52-53

[Article by Reinaldo Penalver Moral and Manuel Gonzales Bello]

[Text] With the enthusiastic participation of almost 50,000 voters belonging to some 150 Havana districts, the process in which representatives meet to report on their activities to the voters, which will go on until the 20th, began in the municipalities on Friday, 1 October.

As planned, a total of 3,230 meetings should be held in 900 districts, covering the entire capital area.

EN CURA reporters made a tour of several municipalities Friday night and had an opportunity to sit in on fragments of some meetings in the course of which citizens extensively familiarized themselves with the activities of the governing body of the municipality and their representatives' approach to the search for solutions or responses to the problems that have been posed.

They also talked with representatives and voters about the conduct of these meetings, which do not always begin on time.

On this point, representative Virgilio Martinto Puentes of District 72 of Díez de Octubre Municipality, said to us: "There can be no explanation for the fact that a meeting scheduled to begin at 2100 hours should actually begin a half hour later." And he emphasized: "This is the result of an inefficient operation with regard to promotion and publicization."

Jose A. Gonzales Martinez, a CDR [Committee for the Defense of the Revolution] No 1 voter from the district said: "My family and I got here at 2045 hours because we knew that the meeting was scheduled for 2100 hours. I cannot understand why we are not more punctual."

In District 14, downtown Havana, representative Nelsa Padilla was waiting for there to be a quorum so that they could begin. She had arrived long before 2100 hours. Let us see how she explained it to us:

"Just imagine, here it is 2100 or 2200 hours and we have not been able to begin because only 120 of the 252 voters we have have arrived. I feel that this is

due to a relaxation of discipline and, furthermore, without a large number of people in attendance the meeting cannot be held." (When the meeting finally began, an appeal was made that this sort of delay might not repeat itself "out of basic respect for the others present.")

Martin Quinones, the representative from District 41, also of downtown Havana, said that he starts the meeting at 2100 hours, "even if only 50 percent are there," since he cannot waste the time of those who arrive on time because of "the lateness of those who do not."

Getting back to the case of District 72 of Diez de Octubre, the meeting began at 2130 hours. There the voters learned of the achievements of the municipality and the difficulties it is confronted with.

Concerning the problem of street repair, we were able to ascertain that it is a constant one in several districts. Voter Ramon Bulnes of CDR No 10 raised the point that he had the very general impression that in most of them, as was the case in District 72, "people were indiscriminately breaking up the streets. They come and hack away at those that are in good condition and don't repair those that are broken up. And if they do a repair job, it only lasts for 2 months," he emphasized.

We also heard opinions expressed at other meetings at which voters proposed that "the mass policy" be applied to straighten out the street situation, that is, to have the CDR implement Sunday mobilizations at block level to tackle the job of filling potholes and repairing several sidewalks.

Other proposals were aimed at certain shortcomings observed in restaurant services and grocery stores, where goods sometimes arrive in bad condition.

"This month my grocery received a delivery of rice which you couldn't use for cooking purposes," an old woman who did not give her name said and went on to say that they have a grocery at Goicuria and Carmen in Santos Suarez whose manager does not open his doors on time. "He almost always arrives much later than opening time to serve the local population," she said.

Representative Nelsa Padilla of District 14 in downtown Havana informed us that among the chief tasks accomplished in the municipality during the 6-month period was the care of 614 families affected by Hurricane Alberto and the June rains which, as the reader will recall, were torrential. Construction materials, refrigerators, clothes, mattresses, television sets, etc. were delivered to these families. Other achievements of the municipality were the completion of the Downtown Havana House of Culture and the repair of 14 elementary schools for the start of the present academic year. Commercial establishments and restaurants were also renovated.

In District 41, also in downtown Havana, some voters requested that a dairy be moved to a location closer to the area since the one that now exists is too far away. There was also talk of seepages, sewer water leaks and a slaughterhouse whose refrigeration system has been out of order for 4 months.

In general, in most of the districts we toured, we in one way or another heard similar stories about the above-mentioned housing arrangements, aqueducts and roads and to a lesser extent the question of transport.

We observed that what most irritates our people are subjective issues, that is, those problems that could be solved but are not due to the negligence of those in charge.

In the proposals made with regard to collective transport, we noted that the voters did not express the need for new buses, instead demanding the care and maintenance of those we operate, "which are sometimes taken out and driven through the streets without windows and without the screws that hold the seats or doors in place," a voter said.

As a final note, we wish to underline the following:

It is important to see to it that voters arrive and meetings start on time. This is not only for practical reasons, but also because it contributes to the earnestness and respect the very fact that neighbors can discuss community problems as a higher form of socialist democracy merits.

Despite the lack of punctuality noted, on the first night of activity reports acceptable participation on the part of the electorate was obtained with almost 80 percent attendance, which could have been higher if the promotion and publicization effort had been effective. The pioneers, the UJC [Union of Young Communists], the FMC [Federation of Cuban Women], the CDR, in short, all of us can work for mass participation and punctuality at these important meetings where there is one order of the day: to contribute to the solution of our problems.

[Notice by Ilse Bulit]

The People's Government activity reporting assemblies were recently held. Thus we have recently had representatives facing voters and voters facing representatives, since the relationship is a mutual one. If the representative is not helped and backed in combat actions, doing his job assumes heroic proportions. If the representative is simply a courier between the questions raised by his neighbors and the leaders of the People's Government, the whole point of the operation is missed.

Aside from the threat of nature with its October rains, these meetings face a greater danger.

In his resounding presentation before the United Nations, speaking on behalf of those who go hungry in the world, Fidel proclaimed the current reality of those countries struggling against underdevelopment. On every occasion, as always, the commander in chief has spoken clearly to his people and no one fails to recognize the difficulties we may be facing as an integral part of a world brought to the verge of economic tragedy by the imperialist reactionary forces. Difficulties visibly mitigated in our case by the social system we adopted years ago.

But we are facing a threat, an illusionary word: the "subjective." Enclosed in quotes like this, it disguises organizational errors that we must now more than ever attack in search of economic efficiency, of compliance with the standards established by the Economic Management and Planning System, of what is regulated by socialist legality.

Mistakes produced by the attitudes and aptitudes of people may be concealed, hidden, beneath the idyllic poem of unreal justification: "The service has its shortcomings because, as you can understand... the situation...." We must be on the alert. These words may indicate the truth, but may also conceal wasteful practices, maladministration, negligence, accommodations, apathy and even more serious motivations.

Naturally, it may not be easy to keep the domain of what is not real apart from that of what is not unreal. But with the existence of the adjective, revolutionary, man acquires another dimension.

The revolutionary fights setbacks face to face with his gaze set on the future. He investigates, analyzes, draws conclusions, attains the truth and fights, fights for the triumph of reason.

There is only one antidote for the poison that can corrupt us and it is within everyone's grasp. Fidel has taught it to us: revolutionary rigor.

On their guard against the damage that is done, the masses constitute the most active party to the action, and the activity reporting meetings constitute the fit vehicle, the first to be utilized.

Let us not explain shortcomings through the philosophical misuse of the principle of cause and effect. Let the real situation be presented concretely, palpably, not swallowed up in the red tape of neglect.

Representatives and voters, united in the tests we have been put to these past few years, as we have been in those earlier ones, Giron, the perpetual blockade, we will be victorious with Fidel and our party.

11,466
CSO: 3248/138

SNPE REVIEW MEETING HELD, REPORTS READ

Havana BOHEMIA in Spanish 8 Oct 82 No 41 pp 54-56

[Article by Raul Lazo]

[Text] "Given the fact that we have no reserves, we must try to efficiently compensate for shortages of resources initially contemplated in the plan," said Humberto Perez, an alternate member of the party Politburo and chairman of the Central Planning Board (JUCEPLAN), in his closing words at the Third National Economic Management and Planning System (SNPE) Review Meeting.

The meeting, held in the JUCEPLAN auditorium, was a productive Saturday working day chaired by Politburo members Sergio del Valle, Carlos Rafael Rodriguez, Arnaldo Milian and Osmany Cienfuegos as well as other party leaders, revolutionary government ministers and People's Government and CTC [Central Organization of Cuban Trade Unions] leaders.

Elsewhere in his speech, Humberto Perez spoke of the effects of the international economic crisis on our country, adding that it "forces us not to abandon planning, not to relegate planning to a second-priority status, rather, on the contrary, to devote even more attention to planning, to be more careful in drawing up our plans, better at making our calculations, more demanding in our planning discipline, in complying with established methodologies and procedures, independently of the fact that in some cases they may not be the most appropriate ones or the ones that appear to be indicated."

Then Perez, who is also a vice president of the Council of Ministers, urged us to become "tireless workers in improving our raw material consumption, budgetary and labor standards in order to achieve the best possible planning and then have available to ourselves more flexible devices for in actual practice adjusting to the specific circumstances under which we have to carry out our plans."

Planning

Manuel Miguezas, the first vice president of JUCEPLAN, read a report to the 400 people attending the important event on the planning process in our country.

Various matters were taken up by the chairman of the reporting committee (like the problem of supplying material provided for in the plan at the enterprises),

who said that they are working on reducing the number of products that are centrally balanced or allocated. He pointed out various shortcomings in the system for providing information on supply in connection with deliveries, consumption and inventories, emphasizing that this information is incapable of inspiring enough confidence to be taken into account as a basis for making decisions. In his speech he also referred to existing incongruencies between the plan and budgets and to the adjustment of plans which, he said, should only be nationally adjusted in exceptional cases and for very specific reasons, then going on to discuss a few specific cases in which such adjustments may be justified.

The manager of the Nico Lopez Refinery noted that the indicators used to measure productivity at present constitute an obstacle to the fabrication of spare parts and that they have to find a suitable solution to the problem in order to advance this production which is of such vital importance to the country.

A discussion in which several participants at the meeting took part arose regarding adjustments of the plan. Humberto Perez said that they were soon to issue a procedure that would regulate these adjustments and modifications of the plan, although he stressed the fact that this is one of the most difficult problems to satisfactorily resolve for all concerned and that there are different aspects of a technical and conceptual nature which make it advisable for us not to turn into adjustments of the plan a whole series of factors that affect the failure to carry out plans.

Investments

When reading the report on investments, JUCEPLAN investment manager Jesus Lacera among other things spoke of the different factors that influence deviations from investment plans and the modifications they entail due to excessive nominalization of investments, deviations in assuring technical and material supply, the financing methods currently in effect and some lack of discipline with regard to the plan.

After the report was concluded, Leonel Soto, a member of the Secretariat of the party Central Committee, took the floor, saying that the handling of the investment process often suffers from a lack of prioritization of what constitutes one of the most fundamental tasks of the state and the party.

Bonus Funds

After relating bonus fund methodological problems that have already been or are on the road to being resolved, SDPE director of improvement Felino Quesada spoke of some shortcomings that have affected the awarding of bonuses, such as the selection of enterprises that were not always the best in economic terms, badly advised enterprises, the lack of information for workers regarding bonus procedures and bookkeeping and price errors that interfered with certification of bonuses due to a lack of reliable information.

He said that they do not always have material support for financial funds destined to be employed for sociocultural measures due to the objective

limitations the country has at the present time run up against, so that it would be advisable to reduce the percentage due this fund in view of the existing accumulation of funds in it.

In both the report Felino Quesada read and later discussions, the desirability of removing from the enterprise's current account those financial resources that come from the bonus fund was noted since on many occasions, when the enterprise falls behind in paying off loans that are due, those funds that do not belong to it are also immobilized.

Economic Contracting

Among the different factors that are having a negative effect on contracting, Miguel Reyes, the chief arbitrator of the State Arbitration Agency, underlined the failure to make appropriate use of state arbitration procedures in enterprise management with regard to contracting; the failure to sign contracts within the terms set by JUCEPLAN; the lack of training of enterprise personnel responsible for contracting, who assign little importance to those clauses dealing with product quality and make few demands with respect to it; the lack of correspondence between compliance with the contract and with the plan; and lastly, the failure to discuss the handling of contracts at production and service meetings due to the fact that the worker movement has not yet acquired awareness of the need for doing so.

Enterprise Autonomy

The subject of enterprise autonomy was raised by Gilberto Diaz, a JUCEPLAN vice president, who spoke of a whole series of factors that affect the autonomy of the enterprises, such as the efforts being made to reduce the number of management indicators to make them more homogeneous, the shackles so-called black and complementary statistics impose on enterprise autonomy due to the protectorate that is established through them and, finally, the elimination of certain unnecessary intermediaries in order to establish a direct link between suppliers and customers.

At the conclusion of his report, Diaz noted that the agenda on enterprise autonomy had not been exhausted with these points and invited those attending the event to express their opinions on the subject.

In many reporting assignments this reporter has been on, at the enterprises they persistently demand more autonomy, which is why we thought that a salutary and rich dialogue among those present would ensue.

With regard to this, Humberto Perez said: "Does no one have an opinion? Is there sufficient autonomy? See to it that we receive protests from the enterprises about the protectorate the organizations exercise over them!"

The manager of an enterprise noted that "we enterprise managers associate independence with funds and this is not the time to speak of funds...."

When this talk was over, Irma Sanchez, minister president of the State Committee for Material and Technical Supply, who expressed concern over this association of availability of funds with autonomy, spoke.

"Autonomy goes beyond that," she noted, "and precisely when the country has few resources is the right moment to hear the opinions of enterprise managers as to how they could do more with greater autonomy and less money.

"Everything is easier when you have reserves," the minister added, "since they afford us an opportunity to decide at any given moment, But when we don't have reserves, what can each of us do?

"I believe that what we are looking for here is, knowing that we don't have them, to see what we can do to make the plan more flexible (no matter which of them) so that the enterprise managers can offer us more. This is my opinion; I don't know whether I may be mistaken in terms of what we were trying to do," the minister concluded.

A great deal could have been reported at this meeting about the achievements realized in the application of the system on the basis of the results of the last review. However, while these achievements were also noted, the discussions were aimed more at trying to deal with existing objective and subjective difficulties and ways of resolving them.

The positive balance of this meeting is quite considerable, but we feel that it was outstanding for its contribution to the strengthening of the bridge of communication between the enterprises and the state's central organizations through direct, open and extensive discussions that helped to clarify opinions and make more effective the search for ways and joint action to overcome the difficulties the current adverse international economic situation poses for the country's economic development.

11,466
CSO: 3248/138

ECONOMIC DIFFICULTIES, PROSPECTS FOR CUBA NOTED

Barcelona LA VANGUARDIA in Spanish 14, 15, 19 Oct 82

[Article by Alberto Bassols]

[14 Oct 82 p 49]

[Text] The Cuban economy is experiencing difficulties today that have led the Antillean nation to request a refinancing of some \$1.2 billion in loans, about 40 percent of its foreign debt. The extent of the Cuban economic crisis is, however, much smaller than and different from the crises in other Latin American countries such as Mexico or Argentina. Today's is the first in a series of articles based on the confidential report issued in early September by the National Bank of Cuba, and it includes the direct impressions of a LA VANGUARDIA staff writer in Havana.

Cuba has been arousing enthusiasm and controversy for almost a quarter of a century. But aside from the ideological considerations that condition any discussion of the island's society or economy, one fact stands out today: Cuba is experiencing economic difficulties that forced it a month ago to refinance its foreign debt by asking its creditors for a 10-year moratorium on the payback of loan principals.

The reasons for the current situation in Cuba presumably have to do with the present-day international economic crisis, but they can be boiled down to two main developments that have converged as of 1980: the drop in world sugar prices from 30¢ to 6¢ last August, and the concurrent withdrawal of funds in and loans to Cuba by Western banks, which is attributed to the definite hardening of policy by the Reagan administration.

In few countries, however, does one get the impression of such total dependence on recent history as in this country. From the most superficial to the most deep-seated matters, they all demonstrate the importance that the country's recent history and historical ties with the United States have on the current situation in Cuba, as well as how the two nations' antagonism has influenced the unequal development of the island's economy. Its development has had a strong impact on social issues (there is no unemployment; the people's basic social needs are met,

and all levels of schooling are free), at the expense of the consumer items that the government finds it hard to deny to the people today by calling for renewed sacrifice.

The Importance of Sugar

Developments over the past few years have thus been decisive for the economy and the country's foreign borrowing, and therefore it would be helpful to briefly summarize the recent past in this first installment.

Just like 24 years ago, when the "bearded ones" took power, sugar is still the underpinning of the Cuban economy (even if the country is the world's fourth largest producer of nickel). Efforts are being made to end this one-crop farming, but except at the outset of the revolution, when the government endeavored to replace the sugar harvest with industry, never has the country denied it the attention it demands. The idea of industrializing the island at the expense of sugar was abandoned in the early 1960's when the country realized that it could not immediately renounce its heavy earnings from the "sweet export," especially after the total cut-off in trade with the United States, which used to be the main purchaser of Cuban sugar under the annual "sugar quota."

The shutdown of trade with the United States had a dual impact. On the one hand, the island lost its main buyer of sugar, but on the other it started ceasing to be an American neocolony, which it was, precisely because of the sugar contracts (Cuba had to allow American industrial and farm products in duty-free, which made it impossible to set up any nonsugar industry on the island and led to total technological dependence on the United States).

Surviving in the 1960's

The United States constructed a very complex legal web in a bid to isolate Cuba economically, and it had serious impact on the island's economy. Aside from the damage caused by the severing of direct trade with the United States, Cuba was unable to use dollars in its international transactions and saw its access to the European market dwindle. But perhaps the most damaging development was the tightening of credit to the island in the 1960's, prompted by the U.S. measures and its influence in the Western camp, because the country had to pay a high price for the very limited foreign borrowing that it did in the latter half of the 60's and the early 70's. According to a study that Cuban economists have been conducting for some years, the U.S. economic measures against Cuba cost the island \$9.081 billion in principal (not counting interest) from 1960 to 31 December 1981.

In spite of everything, the island survived economically and politically. Cuba expanded its trade with the socialist countries and with other capitalist countries, such as Japan, Canada and Spain, in the 1960's. A continuous belt-tightening enabled the country, with great hardship,

to survive its predicament, and at the expense of consumption (which any visitor to Havana can see has been forgotten about) the country boosted its Gross Social Product by an average 3 percent a year during the 1960's and through tremendous efforts earmarked some \$7 billion for capital goods during the decade.

The Economic Takeoff and Soviet Aid

It was not until the mid-1970's that Cuban trade with the West became truly extensive, as a result of the medium- and long-term trade credits that the island received and the rise in its export earnings. Totaling just 639 million pesos in convertible currency at current prices in 1971, trade exceeded 1.582 billion in 1974 and hit 2.309 in 1980. The major expansion of Cuban trade with the USSR and other Eastern countries in the 1970's marked this period as the start of the island's reindustrialization with a permanent economic infrastructure. This was unquestionably fostered by the favorable terms of Soviet purchases of Cuban sugar.

We will never know for sure whether it was politics that led Cuba into the arms of the USSR or whether it was a matter of economic survival pure and simple. The fact is that Cuba owes its economic existence to the CEMA [Council for Mutual Economic Assistance], which is also known as COMECON, to which Cuba has belonged since 1972. This organization, whose aim is socialist international economic integration, has emphasized "maintaining the buying power of Cuban sugar." Thus, the price of Cuba's sugar has always been in proportion to imports from the East, including an item as vital as oil.

Indeed, since 1976 the price that the Russians have paid for Cuban sugar has enabled the island to avoid the impact of inflation on its imports from the socialist nations. The price that the USSR paid for sugar rose from 121.2 rubles a metric ton between 1963 and 1972 to 341 rubles in 1973-74, to 615 from 1976 to 1980 and to 660 rubles a metric ton in 1981-82. And the Soviet Union complemented its preferential trade treatment with financial assistance. Soviet commercial credit for Cuba usually entails deferred payment on the total amount of the purchase, a 12-year amortization and interest rates no higher than 4 percent. As far as financial credit is concerned, in addition to a 100 percent purchase price deferment, the repayment term is 25 years at 2 percent interest a year.

Thus, at the close of the 1970's we have a country that is ruled by a political iron hand and that has managed to build a stable economic foundation through the efforts of a populace that lives in a prewar state of alert with the United States 90 miles away. There have been huge technological strides in sugar production through mechanization, with the harvest hitting a record 8.5 million metric tons in 1970. Between 1971 and 1975 the Gross Social Product increased by 10 percent and from 1976 to 1980 by 4 percent, which gives an average of 5.7 percent for the decade. We should point out that the Gross Social Product differs from our Gross Domestic Product in that the former does not

include certain services classified as nonproductive (housing, education, culture, public health and administration).

Cuban Sugar Output and London Prices

<u>Year</u>	<u>Millions of Metric Tons</u>	<u>Cents per Pound</u>
1971	5.924	4.50
1972	4.324	7.27
1973	5.525	9.45
1974	5.924	29.66
1975	6.315	20.37
1976	6.151	11.51
1977	6.485	8.10
1978	7.351	7.81
1979	7.992	9.65
1980	6.665	28.69
1981	7.358	16.83
1982	8.207	10.39*
		6.88**

*First half

**As of 20 August

Source: National Bank of Cuba. The sugar prices, quoted at the London Commodity Market, are not adjusted for inflation.

[15 Oct 82 p 37]

[Text] Just when it seemed that the worst was over, early this decade the Cuban economy was dealt another setback by the major world crisis, a setback heightened both by natural developments such as the drop in sugar production as a result of diseases, by the fall in sugar prices as of 1980 and by the sharpening of tensions with the United States, which prompted a tightening of the blockade.

Because of all this Cuba asked for a rollover of part of its foreign debts, including \$450 million from Spain, the largest single block. Although Cuba's current account trade deficit had been shrinking since 1979, the country continued to be hit by the swings in world sugar prices, which are down sharply at present. An erratic market hits Cuba hard, even though it sells 40 to 50 percent of its output in the East, and it has unsuccessfully tried to cope by signing international sugar contracts. The reason why these efforts are failing is the mass production and world market sales of beet sugar, which is heavily subsidized by certain Western countries that used to buy from Cuba. Spain, for example, went from importing 7.391 billion pesetas worth of sugar in 1974 to 1.478 billion in 1976 and currently buys none at all.

A second adverse development to balanced trade has been the rapid rise in interest rates since 1980. And finally there has been the tightening of the U.S. blockade under the Reagan administration, which, according to the National Bank of Cuba, has "pressured" the Western countries into canceling major syndicated loans.

The Search for Loans

Taking note of the tightening of world credit, a major source of capital for the country, the Cuban authorities channeled their efforts into government-to-government negotiations with friendly countries that might be able to make up for the funds from traditional sources, whose reluctance to lend was still regarded as temporary.

A second phase in the withdrawal of credits began in 1981 when the Western countries refused to give even short-term loans, not to mention syndicated loans. The following numbers illustrate this policy, which eventually prompted Cuba's request for a rollover: in just 10 months around 470 million pesos (about \$500 million) in bank funds and loans were withdrawn from Cuba. As a result, its convertible foreign exchange reserves were cut in half in just 6 months, from 323 million pesos on 31 December 1981 to 134 million as of 30 June 1982.

It was after it noted this ongoing trend that the Cuban Government decided around midyear to ask for a rollover of its loans, "inasmuch as it would make no sense to restrict imports further because that would seriously impair the country's export capacity and lower the people's standard of living." This was the news bombshell, which entails asking for a deferment of the principal payments for the remainder of this year and in 1983 to 1985, which would be made over a period of 10 years, including a 3-year grace term.

A preliminary stage of negotiations is now under way, and the directors of the National Bank traveled to Europe last month to take active part in them. The first decision is whether the rollover will be on a one-to-one basis or will include all Cuba's creditors. The other issues (the deferment itself and payment guarantees) will be hashed out in tough bargaining sessions in which Spain, the largest single lender with an exposure of \$450 million, ought to take the lead.

The Contradictions of the System

The president of the National Bank of Cuba pointed out on the occasion of the rollover request that "Cuba is not going bankrupt," no doubt alluding to other Latin American countries, and that "the country's economy is being run with increasing efficiency and responsibility." It is hard for a Spanish newsman spending a few days in Havana to form an overall opinion of the island's socioeconomic situation, and he has to rely as much on official data as on personal, direct impressions, which are very important. The most obvious shortcoming is the lack of clear-cut information from government economists, who are more concerned about overseas negotiations than about providing detailed information.

On the other hand, a Western approach is totally inappropriate to gauge what is happening in Cuba. There are a thousand contradictions in this society, which has made relative progress, because, for example, its infant mortality rate has dropped from 60 per 1,000 25 years ago

to 19 per 1,000 today, a society in which 151,000 students a year graduate from higher studies institutions (free of charge) compared to 15,000 in 1958. But it is also a society in which a tourist traveling through Havana with U.S. dollars is followed and offered black market exchange rates of 4 to 1 (the official rate is about 1 to 1) because dollars can be used to purchase imported goods at special stores. This is the result of a planned economy, an economy subject to various natural and political vicissitudes, but an economy that against all odds has upheld its principles, even though the inefficiency of the state-controlled model is striking in many areas.

The Cuban people undeniably deserve credit because they are consciously (you can see it in Havana: no one is kidding himself, and what Fidel has done is supported more or less enthusiastically) bearing the burden of this unequal development with further belt-tightening that will be more and more difficult to call for but that will most assuredly be demanded, in line with the economic and financial policies that the National Bank of Cuba issued when it announced the debt refinancing.

In any event, some features of the "other side" have been incorporated into the Cuban economy, which would have been unthinkable 10 years ago. This is the case of the nationwide "free farmers market," where farm cooperatives and individual farmers who so desire can sell the surpluses that remain after contracts with the State are filled. Another highly controversial initiative that the country seems to be pushing (despite its being an ideological "contaminant") is international tourism in Cuba. Another sign of the country's opening up is Decree-Law 50, which since last March has permitted the establishment of joint ventures on Cuban territory. We will take up this facet and Spanish-Cuban trade in the next article.

[19 Oct 82 p 44]

[Text] Twenty-four years after the revolution, Cuba is opening up its economy to the West in a bid to consolidate an export sector that will provide it with sought-after foreign exchange for its development. This approach has led to possibilities that used to be unthinkable, such as setting up joint ventures on Cuban soil, which is something that several Spanish firms are considering, along with just exporting goods or installations.

Naturally this is in no way a challenge to the official policy of a planned socialist economy, but it will now incorporate features, such as "joint ventures" with Cuban and foreign capital that would have been unthinkable a few years ago when the Antillean republic was divorced from what has been called "real politik." Even the statement in which the National Bank requested a rollover of some foreign loans included a significant section in which it mentioned the need to "continue promoting the diversification of economic relations with free-market economies, as a complement to our strategy, through various forms of cooperation including joint ventures in tourism and international ocean transport, under our new foreign investment legislation."

In any event, we must not kid ourselves and hope for too much, because the above declaration was accompanied by another that stressed the need to "reduce imports from the capitalist countries to the essential minimum." The essential minimum is items earmarked for export and tourism (activities that generate foreign exchange) on the one hand and essential consumer goods and medical care on the other.

In a word, this means that the Cubans will continue to ration consumer goods to the minimum so that they can export all of the island's desirable goods. Neither lobster nor Havana cigars nor top-quality rum nor fish will be consumed on the island; they will be marketed abroad to obtain sought-after convertible currency. For example, the government will attempt to profit from the splendid tobacco crop that after a year marked by the ruinous "blue mold" disease, hit a record 50,000 tons this season, almost all of which are earmarked for overseas markets. Paradoxically, as I saw for myself, the low-quality, low-price cigars that people smoke here are imported from the Canary Islands!

The government is going to spur other areas of the economy in the future, and some of them are going to post good results as early as this year. For example, in connection with citrus fruits, experts claim that in 2 or 3 years Cuba could outstrip Spain's production capacity. The "Caribbean Queen" shellfish are another example of European market penetration, and there seem to be major tourist projects to take advantage of the island's natural beauty. Specifically, it is tourism that could open up the island for the first time to foreign economic input, with outsiders perhaps sharing in the financing, construction and running of an enormous complex in Cayo Largo that is supposed to be completed in 1985 and that will reportedly have 5,000 hotel rooms, a golf course, a free port and other attractions that will enable it to compete with the "Caribbean paradises" that receive thousands of visitors throughout the year. The beaches at Varadero, 100 kilometers from Havana, are another potential tourist attraction, provided that the very inadequate infrastructure there is revamped. As this writer was able to verify for himself, the finest hotel in Varadero (the Hotel Internacional), which faces a gorgeous beach, has severely run-down facilities due to 20 long years of inadequate maintenance. Under these conditions it will be very difficult to lure international tourism to Cuba and to boost the number of visitors and the amount of foreign exchange the island receives.

Spain's Role

Spain has a major role to play in Cuba's economic open-door policy. We might think that the fact that Spaniards were the country's last colonizers could hamper relations between the two countries. Nothing is further from the truth. Cuba regards the Spanish colonization as a "historic" matter for which it bears no ill will, reserving its antagonism, instead, for its neighbor to the north, a much more recent source of pain. If the island has any feelings towards our country, it is gratitude for what Spain did during the first blockade. This gratitude and our

good relations (with the exception of the incident involving Ambassador Lojendio) were such that Marxist-Leninist Cuba declared 3 days of official mourning when...the former Spanish chief of state died.

But there is something more concrete too. Cuba is interested in Spain's intermediate-high technology, which is perfectly suited to the island's level of development. The industrial problems here are like the ones that Spain had 20 years ago at the dawn of our economic boom. On tours through Havana you think back to those years when you see people riding around in big, pre-1959 American cars, (with the wear and tear you would expect), Renault Gordinis or even ancient Isettas, the tiny bubble with the door in front...The situation is similar with industrial equipment, much of which is from the 1940's and 1950's. Though such equipment is now clearly obsolete, the country has been unable to afford imports of the more up-to-date technology.

Cuba is now going to break the circle and begin importing modern machinery to manufacture items that can compete on world markets. It will do so preferably from the CEMA countries but also from its other friends, among which Spain stands out.

Two recent events that I witnessed confirm Spain's potential role in Cuban development. Two major industrial happenings took place simultaneously in Havana in late September: on the one hand, the International Convention on Containers and Packaging, attended by several countries, among which Spain was a "star" because of its larger delegation (10 small and medium-size Catalan businesses), and on the other, the Spanish Food Machinery Mission, which also brought 10 Catalan businessmen to Cuba.

Both events, organized by the Multisector Association of Exporters of Catalonia (AMEC), proved to be very positive, in the judgment of the businessmen involved. Even though now might not be the best time to begin negotiations with Cuba, until the debt question is cleared up, the economic ministries that attended both events and the official import enterprises showed an interest in Spanish technology. Naturally no deals were closed during such a brief visit, but promising contacts were established and there was follow-up on deals in the making, such as the contract hammered out some time ago by a Catalan company (Corchera Bertran) that is involved in a 150-million peseta juice plant project in Ciego de Avila.

Other opportunities opened up by the Spanish visit are in the area of the joint ventures that are now possible under last March's Decree 50. Under this decree-law, any economic partnerships that are set up can operate facilities that already exist in the country or others that they jointly build. The rule of thumb is that the foreign share can total 49 percent, but the possibility has not been ruled out that in certain instances, on express authorization from the government, the foreign party could hold a 50 percent or even a majority share. The tax system envisaged for these ventures is certainly attractive, so as to spark the interest of foreign businessmen.

Such joint ventures were looked into during the aforementioned Spanish-Cuban sessions and will surely mean further Spanish involvement in the Cuban economy. The ultimate outcome of these contacts could be a factory that would produce rust-resistant containers for chemicals (Ollearis S.A.), a Spanish-Cuban die shop (Servitroquel S.A.) or even a bottle and can closures plant (W. Internacional S.A.). These are just a few examples of what Cuba's development and Spain's technology could do if they join together. This is an opportunity that, given our sluggish domestic demand, our economy cannot afford to waste.

Trade Between Spain and Cuba (Billions of Pesetas)

<u>Year</u>	<u>Spanish Imports</u>	<u>Spanish Exports</u>	<u>Balance</u>
1975	17.987	10.160	-7.827
1976	6.066	13.937	7.871
1977	11.913	11.557	-.357
1978	8.101	7.654	-.447
1979	6.935	13.393	6.458
1980	6.485	13.537	7.052
1981	5.704	16.013	10.309
May 1982	4.059	6.228	2.169

Breakdown of Exports to and Imports from Cuba in 1980 (in millions of pesetas)

<u>Spanish Exports to Cuba</u>	<u>Amount</u>	<u>Spanish Imports from Cuba</u>	<u>Amount</u>
Tobacco products	611	Leaf or unprocessed tobacco	1,126
Engineering plans	316	Solid cane or beet sugar	--
Screws, bolts	366	Processed tobacco	1,146
Combustion engines	358	Coffee	1,221
Power-driven pumps	506	Mattes, speis. and other nickel derivatives	679
Loading and unloading equipment	296	Fresh and frozen shellfish	1,850
Mining machinery	584	Miscellaneous	463
Farm machinery	823		
Plumbing supplies	204		
Automobiles	1,109		
Automobile parts	731		
Iron and steel sheets	237		
Miscellaneous	7,396		
Total exports	13,537	Total imports	6,485

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CSO: 3248/159

MERCHANT SHIP ACTIVITIES REPORTED

Havana BOHEMIA in Spanish 15 Oct 82 No 42 p 31

[Article by Gregorio Hernandez]

[Text] This time we focus our attention on the crew of the bulk freighter "Turquino," which belongs to the Transportation Ministry's Navegacion Caribe Enterprise. Built in 1962 in Sweden, it was purchased by Cuba in 1963.

With a dead weight of 1,200 tons, a speed of 12.5 knots, a length of 72.36 meters and a width of 11, it carries a crew of 25 and 2 women, 1 of whom belongs to the officers corps (purser).

With these technical specifications and crew background in mind, we headed for the vessel, which was docked at the Margarita Iglesias yard on Havana Bay. It was supposed to be there for a 10-day repair and maintenance program, though as we saw, the tendency is for these things to take longer, with the resulting impact on its turnaround.

The crew was hard at work when we arrived. Yet this did not prevent us from being attended by the ship's captain, Carlos Garcia Boggiano.

It bears mentioning at this point that we were not there by accident. We had spoken previously with the heads of the enterprise and analyzed the performance of the crews on the various freighters in the Caribe fleet. The unanimous opinion was that without downplaying the fine work being done by the other units, the "Turquino" stood out, so much so that it was selected as a vanguard ship during the first half of 1982, both among dry and liquid cargo vessels.

"The year 1982 began," Captain Boggiano pointed out, "with a more experienced ship's command and with a clear-cut conviction on the part of the crew that they could completely surmount the internal difficulties that caused us to fall short of last year's technical economic plan. And thanks to the magnificent work of the party, the UJC [Union of Communist Youth] and the union, the results over the first few months of this year have borne out this conviction."

To corroborate this assertion he cited the following statistics as of April:

Value of production: 124.5 percent; cargo transported: 166.4 percent; number of trips: 166.7 percent; average turnaround: 135.6 percent; average number of workers: 132 percent; productivity: 182 percent; average wages: 131.2 percent; cost per peso of production: 53.5 cents.

We should mention separately that in observance of the nationwide campaign to conserve fuel, the crew of the "Turquino" has consumed 45 tons less of hydrocarbons, lubricants, etc over the past 4 months.

We could practically summarize this entire article with a little story about the quality of work done by the crew of this modest cement freighter.

In August 1981, when the current captain took command of his vessel, Soviet Comrade Eduard Chapsky was the chief engineer. The vessel was having serious problems at the time, one of which was the lubrication of the simple seal on the tail shaft. Because of this problem, on a trip along the northern coast from Nuevitas to Nueva Gerona, it had to make an emergency arrival at the port of Havana. The repairs, which were supposed to take 2 or 3 days, actually took several months and were not exactly top-quality. Such situations were gradually overcome, thanks largely to the work of the engineering personnel, headed by Eduard Chapsky.

"As captain," Boggiano concluded, "I am very pleased with the work that the entire crew has done, which has enabled this vessel, which is 20 years old and does not offer the best onboard conditions, to become a tiny colossus of the enterprise. We hope to fulfill and exceed the technical economic plan this year as a salute to the Second Congress of our National Union of the Merchant Marine, Ports and Fishing."

8743

CSO: 3248/163

PROBLEMS AT JARCIA FACTORY IN MATANZAS NOTED

Havana BOHEMIA in Spanish 15 Oct 82 No 42 p 32

[Article by Gregorio Hernandez]

[Text] Since early this century (1911) the city of Matanzas has had an industry that manufactures rope, cord and thread from sisal fiber. We are talking about the old "Jarcia" plant, which is now called "Julian Aleman" and is part and parcel of the rich tradition of progress in a region famous for its culture.

In spite of its more than 70 years and obsolete technology, its 357 hardworking employees, including 68 women and a group of trouble-shooting innovators and rationalizers, succeeded in surpassing their gross production plan by 2 percent and their commercial production plan by 8.1 percent, while the costs per peso were 96.9 cents. Other no less important indicators proved to be similar. For example, the export goal was exceeded by five percent, and the industry's products are very well received on world markets.

Now let's see the reason for the background information that we have furnished.

First of all, the enterprises that supply sisal fiber, Eladio Hernandez in Matanzas and Rene Arcay in Mariel, have apparently not come through.

But let's let Comrade Andres Menendez de Quesada, the director of the former Jarcia plant, explain the situation.

"Our industry's basic raw material is sisal fiber, and the shortages we have faced year after year have caused us problems, even though we begin with enough to insure a normal production pace. This makes it impossible for us to work according to our plan, because we have not gotten the deliveries made as the contracts stipulate. We met the goal for the first half of 1982, but by making use of reserves.

"The fiber plant in Matanzas told us that it was having problems with the sisal cutting cycles. This was in 1982, but they told us the same thing in 1981, claiming that if they cut the sisal now it would have

a very poor yield and would adversely affect the plantations. A number of mature leaves are, in fact, cut from the sisal plant at 10 or 12 months, which is when they have a good thread for the production of fiber, but they should have foreseen this problem."

"It's different in Mariel. The technicians there claim that the sisal shouldn't be cut during the dry season, and the plant was not in operation during the first half of this year. In spite of Hurricane Alberto and the heavy rains, they started doing repairs in April. But what about May and June?

"In light of this situation, we asked for a coordination meeting with the National Fibers Directorate and the boards of the Matanzas and Mariel enterprises.

"We said that if Mariel was shut down, why didn't its cutters go to Francisco del Sol in Juragua, Cienfuegos Province, which has sisal plantations that can put out up to 2,000 tons of fiber a year and where the problem is different: a manpower shortage.

"It's the cutting cycle in Matanzas, the dry season in Mariel and manpower in Juragua. Each case is different, though the raw material, the crop is the same.

"Shortcomings in the contracted deliveries cause delays for us and prevent us from fully meeting our production goals and even from boosting the potential for additional exports.

"In 1979 and 1980 we set up economic incentive funds, and the workers won prizes. This was not possible in 1981, however, because the supply enterprises did not honor their contracts.

"The Eladio Hernandez Enterprise in Matanzas and the Rene Arcay Enterprise in Mariel have been called before the State Arbitration Agency because of their failure to deliver fiber in May, June and July.

"At all of the assemblies at which we discuss our reference figures, the workers' first question has to do with how the sisal fiber deliveries are coming along.

Editor's note: The Mariel cutters are now on their way to Juragua.

8743
CSO: 3248/163

DEVELOPMENTS IN TOBACCO REPORTED

Havana BOHEMIA in Spanish 15 Oct 82 No 42 pp 28-31

[Article by Magda Martinez]

[Text] What Happened

Take a look out the window and quickly check the weather. Is it cold or hot? Is the sky gray? Is the sun out?

We now have the time to think about the weather. We did not last June when the rains came and seriously damaged the tobacco crop in Pinar del Rio Province.

Some 17,000 quintals of tobacco were lost, and another 79,000 were damaged. The damaged leaves were immediately transported to the industry and utilized to make cigars. Maximum use was made of them because of the urgency with which both the harvesters and the manufacturers acted.

As far as the curing houses are concerned, 840 were utilized; 3,477 were damaged; 220 huts with flue-cured tobacco were damaged, and 310 sheds for the same purpose were damaged.

The above figures pertain both to the government tobacco sector and to small growers.

The department of the provincial party that monitors tobacco growing feels, however, that the most serious damage was the erosion caused to the soil. Because other crops were being rotated on these lands, the uncontrolled torrents of water were able to wash soil away with impunity.

Especially hard hit in this respect were the furrowed areas in the municipality of San Juan y Martinez, which are irrigated by the rivers.

Also hard hit were Minas de Matahambre, Sumidero, Vinales, San Luis, Guane and Pinar del Rio itself.

So what was the decision to be?

After Hurricane Albert passed through and in the wake of the persistent rainfall in June, the province realized what a disastrous situation it was facing, took up the enormous task of recovery and charted a course.

In the first place, it had to repair all damage and in spite of the country's currently severe limitations on resources, it focused on salvaging structures.

At the same time, it declared an emergency to salvage all of the tobacco that had been gathered in the curing houses and to store it until use. The comrades in charge of this acted so promptly that a large part of the aromatic leaves were saved.

Rapid progress is now being made in salvaging the growing areas by adding filler and organic matter. Some 1.9 million cubic meters of the former have been used, as well as 25,000 tons of lime, 55,000 meters of organic fertilizer and more than 450,000 baskets of cattle manure.

The province is determined to carry out its land enhancement plan with these measures and to thus look forward to the 1982-83 season.

The fact is that priority has been given to the shade-grown tobacco lands (where the wrappers for the world-famous Havana cigars are produced).

Nor has the major goal of enhancing product quality (especially Havana cigars) been overlooked. We all know that there was some decline in the care with which the crop was being handled, but we also know of the government's systematic emphasis on turning this around. We will return to this topic later.

Everyone knows about the ravages of diseases on the 1980-81 crop. The high temperatures were ideally suited to the spread of disease wherever the country let down its guard in terms of strict plant disease con'trol and crop growing standards. The sudden outcome is now common knowledge.

Pinar del Rio is determined to plant tobacco early this year, a decision that is extremely wise because an early planting takes advantage of cool temperatures. If there are abrupt changes in the weather, the crop is further along and healthy enough to meet any contingency.

The province would like to plant as much as possible during the initial months of the season. The seed beds have been irrigated since September to insure subsequent efforts. The state-run sector was in the vanguard of this work.

More than half of the land for the season has also been plowed up already.

The people of Pinar del Rio are determined to have a good harvest, both in quantity and in quality. Yet they cannot overlook the country's limitations, which stem from the world economic crisis. It will have problems in the water resources area especially. This will limit the increase in irrigated tobacco-growing lands.

Structures are badly needed, and there have been difficulties in acquiring roofs. There will be a shortage of attachments for the tractor-hauled dusters [fumigadores de arrastre]. The situation also applies to spare parts and attachments for machines. The order of the day is to salvage as much as possible, in particular imported items.

The comrades who are in charge of tobacco in the party stress that the current economic situation is reflected in both this crop and throughout the country. They now feel that prospects are good for a fine harvest.

Moreover, the farmers whose tobacco plantations were hard hit have received compensation.

Pinar del Rio will kick off the tobacco season by planting 3,000 caballerias [1 caballeria=33.2 acres] in both sectors, with an expected yield of more than 250 quintals a caballeria. Steady progress must be made towards higher yields while maintaining plant quality.

That's What They Told Me

I was talking to an old man who heard his mother tell the following story about the tobacco plantations known as Hoyo de Monterrey.

The entrance to the place is guarded by a very tall iron gate that is said to date from 1861.

The local story-teller explains that the owner of the valuable plantation, whose ultimate goal was profits, used to cheat his customers. He traveled around and bought all the tobacco he laid his eyes on, which he later sold as coming from the Hoyo. His plantation's good reputation enabled him to profiteer as he pleased.

For example, the story-teller related that he used to buy from the small Lagunilla plantations and place the leaves in the same tobacco grading.

The tobacco from Hoyo de Monterrey in San Juan y Martinez is high-quality. It has all of the characteristics of a top-quality leaf. The soil here (barely a caballeria) has unquestionable merits and has traditionally been carefully farmed. It could be termed a special producing area. It does not matter what the weather is like that year. It always puts out fine yields.

The Hoyo is completely flat, which leaves little room for erosion, and the San Juan River is always irrigating it.

This year, however, the natural disaster almost destroyed it too, and it is costing a great deal of money to return it to its original state.

Not only is pride at stake, but the country cannot afford to lose such a valuable piece of land. No one would ever dream of not planting in Hoyo. The people of San Juan consider it their pride and joy, but then again so does all of Cuba, as the whole world knows.

The Hoyo currently belongs to the Hermanos Saiz Tobacco Enterprise.

The swollen river eventually deposited sand banks a meter and a half high there. It also swept away the curing houses. It left not a single layer of vegetation on the surface.

It has been filled in again. The work began in early July...Workmen took advantage of the very depth of the soil and gradually replaced its own layer of vegetation and the layer along the river banks. This is good soil.

The Hoyo borders on the highway with its string of leafy palm trees, which acted as a sort of retaining wall against the swollen river. Otherwise, practically half of the town of San Juan would have been swept away. The townspeople thus say that the palm trees have made history and there are plans to adorn the surrounding area with rosebushes.

By the time that this issue goes on sale (15 October), the Hermanos Saiz Tobacco Enterprise will kick off the planting season on its 100 caballerias of shade-grown and sun-cured tobacco.[sol criollo].

During the 1980-81 season the enterprise achieved yields of 546 quintals per caballeria in shade-grown and 245 in sun-cured. The cost, anticipated at 1.80 pesos, actually turned out to be 1.41. This season it plans to put out 398 quintals of shade-grown and 203 of sun-cured.

They have continued taking steps to cut production costs further and therefore eliminated the seed beds outside their municipality.

The new system of maintaining only lots and plantations has a similar goal: cutting costs. Thus, the district and all that it represents have disappeared.

There's More to This Fellow Than Meets the Eye

Yes, because tobacco has a short cycle, as well as peak periods that require the labor of thousands of men. The fact is that the outer leaf can be lost in a blink of the eye, and if you have to pick it today, you better not leave it for tomorrow. It will still be tobacco of course, but not of the same quality. Furthermore, the shade-grown kind can take only the touch of skilled, steady workers.

The High Productivity Battalions, which meet these requirements, have thus been formed. But what else do you have to do to get a high-quality wrapping leaf? Fill in the soil and add lime, which improves quantity and quality.

Moreover, the General Wage Reform did its little share to win this crop salvaging battle, as did the application of the finished field in some spots and the partial bonuses for work in the seed beds, sowing, harvesting, stringing up and untieing. For example, a plantation can have a sowing quota according to its number of workers, a quota that it might exceed by 20 percent. Such a system certainly tends to work.

State tobacco workers have their areas for internal consumption and can later purchase products to take home.

Terrain preparation is extremely important in this battle for quality. Just think about a building whose foundation is not solid. Almost the same thing applies here. Without a sound foundation properly spaced plants cannot emerge.

The groundbreaking process must be done with extreme care from the outset. It has a timetable, and the growers stress that it cannot last less than 60 days. The land needs this time for its internal development, or in the language of the growers, so that it can decay or ferment. No less than 80 to 85 days must pass from the outset of groundbreaking to the planting.

If all these and subsequent procedures are followed, there will be a bountiful, high-quality harvest.

Satisfaction with a Job Well Done

A tobacco grower takes pleasure in a good crop. He never tires of examining a leaf here and there. This is because he has devoted his time and energy to doing the best job he can. Tobacco is said to be a contagious crop. This is because you see elderly growers who have never left their plantations. They are at it day and night. They suffer with their plots and know all their secrets.

Looking over a plantation every day to discern the slightest change is the only way to quickly head off any abnormality.

Pedro Pablo Cardentey is the president of the Eliseo Caamano Farm Production Cooperative in Piloto, Consolacion del Sur. He points out that during a 70-day tobacco harvest you have to go through the plantation 38 times: 4 times to remove the buds from the plants, 3 times to inspect it, 2 times to spade it, 4 times to dust it, 5 times to spray it with Ridomil to prevent diseases and 4 or 5 times to cultivate it.

Up to six sortings are necessary during the harvest, because it is very important to get inside the plantation. You have to know how

to tie up the leaves, select and cut the tops off too. You cannot make bundles or pile them up however you please either. There are really countless details that go into a quality product.

Pedro Pablo claims that the land needs no less than 60 days preparation. He says that you have to let it cook, not boil.

In the 1981 harvest his cooperative gathered 318 quintals per caballeria and 300 in the 1982 season. His cost per peso was 60 cents, and the cooperative distributed 123,000 pesos in profits.

They began the planting for the current season on 5 October and sold last season's output at a top price. Their tobacco was selected as the top grade in the municipality.

How did they achieve such high-quality tobacco?

"Because we did so much work on it, starting with the seed beds," Pedro Pablo notes. "People often say: Throw a lot on the drying supports. But we don't. This way it has enough room and can dry better. There's no risk this way."

He stresses again and again, with concrete examples, what it takes to grow a fine leaf. It takes a great deal of shrewdness. You always have to be ahead of the crop.

All of the growers in this area are involved in the new form of production; 211 of them have 62 shared caballerias.

Pedro Pablo is pleased with his cooperative's members. He says that they are interested in progress. "A person who doesn't care is of no use." His people work hard to fulfill their desires, and the proof of it is that they are investing their earnings the best way they can: to build their houses.

The tobacco season is under way in Pinar del Rio, and the people involved, realizing the difficulties they face, are determined to do the best job they can.

The crop has to make a comeback. This is almost a challenge and admits neither slipshod work nor laziness, because when these vices take hold, they can only thwart the common goal.

Good intentions are not enough either. We should remember that the road to hell is paved with them. You have to set a goal and achieve it every one of the 70 days that the season lasts, going over the leaves by hand 38 times, as Pedro Pablo says. And there is no better way to cope with bad economic times, which are also lapping at our Caribbean shores.

CAYETANO CARPIO ON POLITICAL, MILITARY SITUATION

Madrid EL PAIS in Spanish 23 Oct 82 p 4

[Interview with Cayetano Carpio, Commander Marcial, by Andres Canas; date and place not specified.]

[Text] Chalatenango—In the last few hours the eastern Department of Morazan has become the center of Salvadoran military activity. Guerrilla groups attacked San Francisco Gotera, the capital's commando headquarters. Government news insist there were no casualties and reveal that the army has initiated operations described as "routine patrols" in the department's northern section. These are the first [routine patrols] since the capture of San Fernando, Torola and Perquin by guerrilla forces on 11 October. On Thursday the Farabundo Marti National Liberation Front (FMLN) released to the Red Cross 44 Salvadoran militarymen captured last week, including a captain and five non-commissioned officers.

"The warmongering foreign policy of the Reagan administration has collided with the will of a people who is ready to obtain its freedom at any cost," said Cayetano Carpio, Commander Marcial and member of the FMLN general command.

From his command post in Chalatenango, Carpio analyzed his country's political-military process, which has such widespread repercussion in the life of Central America. "Our war is not an isolated event: it is part of the process of liberation of this region, a process which is now going through a higher quality phase. The Sandinist Revolution in Nicaragua has been a turning point in the history of Central America," the guerrilla leader pointed out.

Question: How has the Salvadoran war evolved in the last 2 years?

Answer: Since last year we have been engaging in military and insurrectional battles which have become progressively more violent and more important in our struggle to seize power. Of course this cannot be achieved with one campaign but requires a whole process.

The American government, concerned about the direction and conflict was taking, increased economic and military aid to the Salvadoran Government and devised the tactics to destroy us in 2 or 3 months. The fact of the matter is that the plan was a resounding failure, despite the enemy's efforts to accomplish their ends. In fact, during 1981, the enemy launched 46 offensives against us. The enemy engaged more than 1,000 men in each offensive, 7,000 or 8,000 in some.

Last December we started to take the initiative and it is known that we have acquired a superior military capability. In the first 3 months of this year, the army was weakened and the FMLN experienced real growth. The government tried to counteract our growth by improving the quality of its troops. To this end, it patched up the Atlacat brigade and created the Atonal and Ramon Belloso brigades. The latter was trained at Fort Bragg, in the United States.

These special troops had their baptism of fire with a defeat, and in June we inflicted the heaviest blow yet against the enemy: It was defeated in Morazan and suffered 500 casualties, with the FMLN taking prisoner the vice minister of defense, Colonel Castillo.

New Phase

Question: What is the importance of this new campaign?

Answer: It is a sudden change engineered by the FMLN, which is no longer an organization made up of small guerrilla units spread across the country, but is turning into a regular army.

Last year we longed to have the capability to annihilate enemy companies in movement. This July we achieved this and, in the process of the new campaign, we destroyed troops in their fortifications.

The cities where the troops are concentrated have an outside fortification made of trenches and casemates and a similar fortification inside surrounding strategic points. There we have attacked the enemy, and we have defeated him.

Question: What direction do you foresee the Salvadoran Government will take?

Answer: The government has almost made public a plan to destroy the guerrillas in 2 years--it no longer talks of months--, using new operating tactics, increasing air transportation--the United States is ready to provide more Huey helicopters and Fokker aircraft--, modernizing the Navy with gunboats and training more officers in the Panama Canal Zone.

Question: The worrisome situation in Central America has moved several governments to present peace proposals. These initiatives do not seem to be getting anywhere. Could the United States invade El Salvador?

Answer: We are aware that this may happen because the United States is setting the stage for it. It is turning Honduras into a military base and pointing Costa Rica in the same direction. However, we look to the future with hope. The FMLN's power makes the process to liberate the Salvadoran people irreversible.

9341

CSO: 3248/152

GOVERNMENT MEASURES TO AID COTTON INDUSTRY

San Salvador LA PRENSA GRAFICA in Spanish 1 Oct 82 pp 3, 22

[Text] President Dr Alvaro Magana said last night that the cabinet agreed to guarantee a price of 75 colons per quintal of raw cotton to producers who do not pay rent for the land and 80 colons to those who do.

A press release on the subject says:

"During the cabinet meeting that took place at the Presidential Palace on 30 September, some of the main points discussed by the president, Dr Alvaro Magana, were the upcoming introduction to the Constituent Assembly of a bill to create a stabilization fund for cotton, and some aspects of the government's fiscal situation that are important in drawing the guidelines for the preparation of the 1983 budget.

The Cotton Growers

Upon being approved by the assembly, the stabilization fund will be managed by the cotton producers.

The cabinet made clear that the Government of National Unity considers the cotton sector a significant item in our country's economy. We were reminded that during the first meeting of the cotton sector on 5 May of this year, President Magana introduced a plan of support for the sector which has already been implemented.

Prices for Producers.

President Magana pointed out that the cabinet had just agreed to guarantee a price of 75 colons per quintal of raw cotton to producers who do not pay rent for the land and 80 colons to those who do.

Program to Stimulate Cotton Production Completed.

Last week President Magana and the president of the Central Reserve Bank, Dr Alberto Benitez Bonilla, announced to the press the program to stimulate cotton production, a program which has been completed today with the measures set forth at the cabinet meeting.

9341

CSO: 3248/152

COFFEE GROWERS NOTE DISTRESSING SITUATION

San Salvador LA PRENSA GRAFICA in Spanish 27 Sep 82 p 3

[Text] The situation of the coffee growers become day by day more distressing as the present month of September draws to a close, when the coffee crop year closes and the maturity date of credits arrives.

Thus did various coffee growers express themselves yesterday when they said that they supported the directors of the coffee forum on coffee held at the end of August, putting into effect the demand that the previous harvest be bought 100 percent, with which they would be able to face their commitments and obligations.

They added that because up to now only 50 percent of the harvest has been sold, most of them would once more become insolvent, aggravating on the other hand their familiar situation.

They also said that still worse is the case of the small growers who do not enjoy advance credit, but credits on the basis of harvesting the coffee. Their situation is extremely difficult, they said, in view of the fact that we are nearing picking time and no line of credit has been announced for them. They said that the most worrisome thing is that the big majority are small growers who therefore are affected because they did not take the appropriate measures with the urgency required.

They asked that if the authorities or the government make known that attention is being paid to the problem of the farmers, the steps they announce should be implemented, and not remain mere announcements.

FOB Sales

On the other hand, the sources stated that one form of aid would be to permit them to sell the coffee FOB, which would eliminate annoying administrative details and red tape, the results of centralized operations. They added that with sales FOB, the producers take their coffee to the port of embarkation only to close the transactions.

They said that last year the cooperatives were allowed this system with excellent results and that the same thing can be done now, since there is already an antecedent which was positive.

With this they said that compliance with another resolution of the forum would be given relative to permitting the free commercialization of coffee, which they consider of extreme importance, as a step which would alleviate the distressing situation of the coffee growers in general, but in a special way for the vast majority of them who are small growers.

9678

CSO: 3248/71

COFFEE GROWERS DENOUNCE COFFEE FORUM INEFFICACY

San Salvador LA PRENSA GRAFICA in Spanish 21 Sep 82 pp 3, 43

[Text] Discontent, bad feeling and indignation exist in coffee growing circles "because of the ineffectiveness which the National Forum for the Analysis and Solution of the Salvadoran Coffee Problem has shown up to now."

The coffee growers expressed it thus and said yesterday that soon a month will have passed since the event and there are no indications that any of the resolutions and recommendations issued by the forum are being carried out."

They remarked that, except for the contributions made to the effect that ISIC [Salvadoran Institute of Coffee Research] will be rescued, there has not been anything else."

They likewise pointed out that "it has not meant much that the forum has been a success, as much for the way in which it was organized, as for the manner in which it developed, but all that is about to go up in the air, as has happened with other similar events in which diagnoses have been made about the country's economic reality, without having implemented the means to resolve the problems later."

The informants said that the forum had been a big event, the number of participants for the most part being coffee growers from all over the republic, where small, medium, and big growers were mixed. They said, "it was admirable to appreciate that spirit of unity and frank collaboration."

They added that only a few months ago, such a thing would have been considered impossible, but it has been done as evidence that they are concerned about the country and wish to contribute to its rescue, helping to achieve the reactivation of the economy.

"Unfortunately," they added "such good intentions are in danger of vanishing seeing that, the forum concluded, all went quietly home to rest, hoping that the problems would solve themselves."

Finishing up the crop year

On the other hand, the coffee growers said that their problems tended to become more aggravated because the coffee crop year is about to end. They said this would take place 30 September when credits mature affecting many coffee growers encumbered with debts and other problems of former years.

One of the effects which will be produced automatically is that having sold only 50 percent of the previous harvest, the other 50 percent is converted into old crop coffee, which will not have the price of the new harvest.

An additional problem is that with the present rainfall, many producers whose plantations are already ripening or who have already started to pick, will have to hurry with the picking so that the coffee beans do not burst and cause further damage.

Would That it Were an Error

They almost commented on the most recent information on the assigning of quotas by OIC [International Coffee Organization] according to which El Salvador has 2.48 percent of world production.

They pointed out that said quota is a point less than what the country had in the last quota assignment and that it represents about a million quintals less than El Salvador could sell on the international market.

"If this is certain, they said, we will be bankrupt. And, it is to be hoped, we pray God, that it is an error."

Finally, they said that because of all the foregoing it angers them that the results of the forum "have come to nothing."

9678

CSO: 3248/71

STATE COUNCIL PRESIDENT ON HUMAN RIGHTS VIOLATION

Guatemala PRENSA LIBRE in Spanish 25 Sep 82 p 8

[Text] Government advisors told a delegation from the inter-American commission of the OAS, which came to the country to investigate possible human rights violations, that human rights have always been violated in our country, from the days of the feudal colonial estates to the present.

Mr Jorge A. Serrano, president of the State Council, stated the following in a press conference that he called yesterday at 4 p.m. in the Blue Room at the legislative palace to report on the meeting with the delegates sent by the commission.

The plenary council received the delegates in a "private" session from 1300 to 1500 hours--no members of the press were allowed in.

And to report on what was discussed in that meeting, the president of the State Council called that press conference. He explained that reporters were not allowed in because the advisors asked to be alone with the delegates from the commission, so that the privacy would allow more freedom.

For security reasons, the president of the State Council declined to divulge the names of the members of the commission that attended. He merely stated that it was a meeting of far-reaching importance in which very clear approaches on violence and other matters were outlined.

It was stated that human rights violations are related to economic and social development, which is a factor in human rights violations, due to the poverty and plight that has affected people for many years.

There are human rights violations in Guatemala, the delegates reported, not only committed by past governments, but also by other sectors of the population.

The commission explained to us the aspect of the legal, economic, and social facts that it has come to observe. The advisors spoke on the history of human rights; some cited injustices committed in the not-too-distant past.

Mr Serrano later stated that the meeting was very interesting and balanced because in addition to the two advisors from the Cakchiquel and Rabinal Achi [Indian] groups that were present, some were also present from the University of San Carlos, and FUR [United Revolutionary Front] party, professional associations, and the private sector. That is to say, all cooperative thinking groups were represented, even the business sector.

The commission came because it was invited by the government and will issue a report with recommendations, but it is important to remember that states are sovereign and are under no obligation to obey them.

They are well-intentioned and come to assist the government in its search for better ways of help. The purpose of a visit is to examine the different legal and social factors in the country and see if these factors are taking place in accordance with the laws. A commission does not come to impose any legislation whatsoever, nor theories, nor political doctrines, but rather only to see if the government abides by its laws and the agreements it has signed, but only the government has the authority to take action or not.

State of Siege

The president added: "It was said that a state of siege is not a violation of human rights because every state has powers of legal protection. The state has the right to safeguard its existence. Human rights are violated when the state acts outside of the bounds of the law.

"And the state of siege is provided for in the law. I think that the OAS international commission will help Guatemala by means of suggestions, but the government will decide whether or not to put them into practice.

"The problems and trials undergone by university people were also brought out in the meeting. The institutionalized violence in the country, which is related to the economic and social development process, was also discussed.

"Moreover, they were also told that not only the governments are violating human rights, but also the groups that try to impose their will by use of force.

"The commission," he said, "is interested in knowing if all sectors of society are represented in the State Council. It was indicated to them that this is indeed the case and that it will be the beginning of the reorientation of the country."

9983
CSO: 3248/93

ORPA'S GASPAR LLOM DISCUSSES ACTIVITIES

Managua EL NUEVO DIARIO in Spanish 5 Oct 82 (supplement)

[Report on interview with Gaspar Llom, commander in chief of ORPA, by Marta Harnecker; time and place not given]

[Text] "In general terms, the plans and dreams of the founders of the Organization of the People in Arms [ORPA] have not only been fulfilled but our own expectations have been surpassed." This claim was made by Gaspar Llom, commander in chief of that political/military organization and the only one left of those who founded it a decade ago. Starting with some 20 comrades who made up the original guerrilla group, ORPA has succeeded in organizing large numbers of peasants, predominantly Indians, in the western part of the region that is strategic for the enemy because the major agrobusiness operations are located there. Moreover, it has managed to organize them in terms of revolutionary warfare while also attracting many members of the urban middle class and of the working class.

Until today, however, the identity of ORPA's top military leader has not been revealed to the public. It is known only that he is greatly admired and respected by his followers and that he exercises a highly centralized leadership relative to his organization's basic strategic and tactical decisions.

The defeat of an unarmed people, his own people, and the victory of an armed people, Cuba, are facts that left a lasting impression on him and brought him to the firm conviction that the use of arms is the only means of liberating his country from the pro-imperialist oligarchic regime.

Inspired by this belief, the newly enrolled university student left his books at the age of 22 to take part in the first rural guerrilla warfare in Guatemala, in 1962. Months earlier, he had been involved as a civilian in the military conspiracy that ended on 1 November with rebellion by a large number of young officers, who included future guerrilla leaders Luis Turcios Lima and Marco Antonio Yon Sosa.

Rather than weakening his resolve, the annihilation of the 20 October guerrilla band, to which he belonged, at Concua a few days after movement toward its home

base had begun, and the 2 years of prison following that setback, in the Salama penitentiary for Indians, confirmed his views about the armed path of revolution. However, now those beliefs were enriched by new factors, the certainty that the primary potential for revolutionary warfare lay in the Indian peasants and the sharp awareness that the path of revolution is long and hard.

Inspired by the conclusions reached at the Third Conference of Rebel Armed Forces, which affirmed the need to spread guerrilla warfare throughout the country, he returned to Guatemala in 1969 after 7 years of forced, militant exile. His move to the Peten region, his initial destination because the FAR's [Rebel Armed Forces] top leaders were there, never occurred.

Originally an area to be transited, owing to the organization's critical situation during those months, the western region became its final home. The new member immediately began to perform leadership functions, and in June of 1972, when the break with the FAR took place, he was already acknowledged head of the group of guerrillas that had decided to settle in the mountains. There they would begin the long task of building a political/military organization capable of carrying on, in a consistent fashion, the process of revolutionary warfare with the objective of achieving, along with the other revolutionary organizations, the final overthrow of the Guatemalan dictatorship.

There then passed 7 long years of silent work, conducted in the utmost secrecy to thwart the Army's counterinsurgency operations. This time it would not be the enemy who would attack the guerrillas while they were training, taking the initiative and striking the weakest link in the process of creation of the people's military force; it would be ORPA who would initiate hostilities, having become strong on three battle fronts and enjoying massive popular support.

We talked at length with Commander Gaspar, one of the most outstanding Guatemalan guerrilla leaders, about experiences during those years and the thoughts arising from them.

Selection of the Home Base

The region where ORPA has developed--the coffee zone, where much of the country's wealth is produced--was not always viewed as a suitable region for the growth of guerrilla warfare. It was to this organization's credit--its chief asserts--to consider it "its strategic area," an area "that could serve as a base providing social support for development of the guerrilla movement. At the same time, it offered militarily useful conditions for refuge and combat."

"In December of 1971, the organization's command decided to carry out its work in an area reaching from Tacana volcano to Lake Atitlan. At that time we had realized that was the country's spinal column. From there we could also directly influence the entire native population of the high country, we could directly influence the entire population of the foothills, and partially influence the population of the coastal region. With that belief, we concentrated all our efforts there, and we focused on truly taking care of that area. We took care of it as well as we could. We didn't publicize it; we tried to work as clandestinely as possible. That meant a great deal of effort for us because all mobilizations and 95 percent of our marches were done at night so that no one would detect us. We realized that we

had something so important in our hands that if it were revealed prematurely, the enemy could take the initiative and unleash antiguerrilla operations at a time when we weren't ready to respond to decisive military strikes to protect the population from repression.

"With this perspective, we decided to develop the battle fronts, to give our initial work that scope and to even have a reserve force when we began operations: We began with three fronts and put two into operation, combining them tactically, to prevent their throwing all their power at one single front, which, owing to the level of preparation, was greatly superior from a political and military point of view to what it could have been in 1970-1972. We even engaged the enemy before we planned to and were completely victorious. Within 2 months after ORPA revealed itself, the enemy was totally confused because of the use of that tactic within an overall strategy and a concept."

Obstacles That Become Combat Tools

When I asked him if ORPA did not consider it a drawback that, because of the economic role it plays, the region has so many means of communication, he answered:

"That was a factor we considered, and we developed from a military point of view from the outset; and that also explains the use of two concepts throughout all the work that was done: the concept of making the area operational, and the concept of offsetting factors. It is very favorable land for us, for it is the most rugged terrain in the country, and the highest mountains have denser vegetation and a harsher climate. All that means a great advantage for a guerrilla group to the extent that it stands the climate, which is very cold and damp, and turns it into a factor favorable to it; to the extent that it becomes familiar with the terrain and makes it its ally. It is an area where, because of its very characteristics, we scarcely use a compass. There's no point in it. It's nearly useless to take a reading because you have to make 50 zigs and zags to be able to climb up or down, to get anywhere. Rather, we use the same knowledge and sense of direction used by peasants and natives, which is truly exceptional. That's why we can operate in that area."

It is important to note here that over 80 percent of ORPA's military force is made up of Indian peasants.

Commander Gaspar acknowledged, on the other hand, that "the dense population was a problem for getting established because the guerrilla group could easily be discovered. But this difficulty during the preparation stage and the sacrifices and measures that were necessary to preserve what we'd accomplished were offset by the strategic advantage this gave you when operating in the near future. Marcos (one of the three founders of ORPA), who was very brilliant and very clear, used to say: This is the great advantage, although right now we have to be hiding; in the future, all these people are going to be our buddies. And he wasn't wrong."

"As for means of communication, this was the compensating factor: The enemy can move around more, but he also offers more targets. One of the great traps of guerrilla thinking in isolated areas is that the enemy can move around less; but he also can control things more easily because all he has to do, for example, is to block a highway. . . . But when there are 50 highways, then you can pass by

on the side road, on the road above. The guerrilla movement itself is more fluid, and the enemy can't cut off areas that are so important from an economic point of view. It can do it for 1 or 2 days, but it can't cut them off from the country."

A Secret Kept by an Entire People

It isn't easy to imagine how it was possible to keep a secret for 8 years that spread like a rumor among predominantly Indian towns, villages, and farms in the western region. Commander Gaspar is convinced that it was possible because ORPA's style, approach, and political activity met the needs of the people.

"Note that throughout the preparation stage, which lasted 8 years, we must have personally met no fewer than 5,000 people on roads in the mountains, on village streets, and on sections of highway we were using, and no one ever informed on us, reported us. Of course, we never let anyone get away without hearing our revolutionary message.

"I think this also has to do--although perhaps it could be rather risky to make statements like these--with a historical expectation that had been kept alive among the native people by means of the oral tradition. Around the end of 1971, we began to be surprised, in the mountains and in the villages, to hear stories or remarks by combatants' families or among the first old folks organized, stories that are kept alive and even have achieved another level now, to the effect that the grandfather of a grandfather had told him that someday some men would come down out of the mountains who were going to liberate the people. That is so surprising that I've run into it in the Mam area, in the Cakchiquel area, and in the Sutuil area, in one form or another. I think it has to be interpreted as an element of tradition, of memory, and of the hope that people have who have been subjected to colonization, who have created their legend or their expectation to help them endure the situation. I haven't found any other explanation for it.

"Only that factor explains why between 1971 and 1975 they were able to believe that we could be a prospect. You had to be a visionary to believe in those 8 to 15 starving, miserable men in rags who traveled around seeing what the people could give them to eat to avoid dying, some of them with tuberculosis, with a wide variety of weapons, almost antiques in some cases, who talked about liberation and waging war and organizing the people. And those people believed in us and supported us."

Urban Front: the Weakest Link

For nearly 2 years after hostilities began in October 1979, ORPA's casualties could be counted on the fingers of one hand, but the blows suffered by the enemy could not go unanswered. To do this, the enemy sought the weakest link in the armed revolutionary movement: the urban front. It is there, in the opinion of ORPA's top leader, "where the enemy has the best conditions for acting, especially to develop its control apparatus and intelligence activity, which are the tools with which it can strike at the revolutionary movement. Moreover, it is there where the latter depends on people because a mistake or negligence by a member in making a contact, in not following instructions, in going to see his family, in performing any little act that goes beyond the limits of clandestinity and of security standards means, or can mean, a strike." He went on: "Obviously, the methods and

procedures of clandestine activity and counterintelligence measures operate against the needs of our work. That's a problem that any organization has to anticipate to avoiding overburdening its urban cadres."

Another problem existing on the urban front is that all revolutionary organizations come together there, something that does not occur on the Guatemalan guerrilla warfare fronts, where--with few exceptions--there is a sort of division of labor by regions. They are closely linked with the home bases chosen by the various armed organizations when they began their guerrilla activity. They not only meet, however, but also have different concepts of what urban work should be. For this reason, "one organization's strategic plans can be affected by military activity carried out by another organization for its own purposes, implementing its own concept," our subject said. "That creates a lot of problems, a lot of difficulties, and it complicates what is already complicated of itself in the city. At the same time, the areas of operation of the revolutionary movement in the city had caused places, the underlying structures, to be saturated. We learned later that at times there were two safe-houses of different organizations on the same block. There were a lot of overlappings. That had to be jeopardizing, and had jeopardized, one of the most common methods of work."

However, in summing up, the ORPA's top leader recognized that among the internal factors explaining the blows suffered in the city is the rapid growth that had taken place and an entire set of needs that had to be covered in a very short time; these had resulted in an overburdening of the urban substructure and the work of the cadres themselves.

This, combined with the fact that the enemy discovered some of the clandestine methods used by the revolutionary movement, aided deep-reaching intelligence activity that had been under way for several months and which the revolutionary movement had not succeeded in detecting.

The enemy thought it had destroyed it and boasted about that, but its rejoicing did not last long. Soon, with increasing vigor, ORPA's guerrilla columns made their presence felt, ravaging the enemy on Guatemala's western roads.

9085
CSO: 3248/171

FAR'S PABLO MONSANTO DISCUSSES ACTIVITIES

Managua EL NUEVO DIARIO in Spanish 5 Oct 82 (supplement)

[Report on interview with Pablo Monsanto, commander in chief of the FAR, by Marta Harnecker; time and place not given]

[Text] Nineteen years of guerrilla life and 11 as commander in chief of Guatemala's Rebel Armed Forces (FAR) give Pablo Monsanto considerable moral authority to talk about the armed struggle in his country.

The FAR chief began his guerrilla activity in 1963 when he joined that organization, which had been founded a few months earlier. His first task--at the age of 17--was to pave the way for the movement of the guerrilla group commanded by Turcios Lima into the Sierra de las Minas. He then joined that group, which traveled around under the name of the Edgar Ibarra Guerrilla Group.

It was Pablo's lot to experience the bitter days of guerrilla activity that, during the 1960's, entailed more defeats than victories, despite its worldwide fame. Numerous attempts at guerrilla warfare appeared and then disappeared before his eyes like smoke.

The FAR, which was somehow formed as the armed branch of the Guatemalan Labor Party, is governed today by a concept very different from what it should be for an organization fighting for power through armed action.

We are offering here parts of a very lengthy interview with the FAR's chief, in which he specifically sets forth the roles of the party and the masses in the war.

Unlike other Guatemalan leaders, Pablo Monsanto does not believe that it is the communist parties' classic organic view of things that has prevented their participation in the armed struggle. He is convinced that it is less an organic problem than one of political line: whether one is convinced or not that power will be taken only by means of arms. He insists that this is not a "theoretical" issue, a matter of what is asserted, but rather a "practical matter." "A Leninist party that is convinced that only by means of arms will it take power is obligated to prepare its cadres militarily, even before the war process is begun."

"Then doesn't it make sense to create political/military organizations?" I asked.

"Look," he said, "the problem is not one of political/military organizations; it is the struggle that is political/military. In the sphere of organization there should be a military organization and a political organization. They can't be mixed; the two are complementary or are combined. That is what gives the struggle its political/military character; but the organization as such is not political/military. . . . Why? Because military decisions are made by military cadres, and political decisions are made by political leaders. . . . The political leaders can determine the outcome of the war without having to be military leaders. That is, a political decision can determine a military decision. The military cadre thus has to be subordinate to decisions of a political nature. That doesn't mean that the secretary general of a party has to be a military man, but it does mean that the leader has to be fully aware of what the phenomenon of war is, and what a victory in battle can mean, or a defeat, from the political point of view, as well as what a political mistake can mean for the military forces. . . ." The FAR's own experiences and experiences abroad that he has studied with considerable interest have reinforced his position.

"By studying the classic works about war, you see very clearly that an army that doesn't have the support of the population, that has no social base and no supporting base is an army that's easily defeated. Because always, always--and this is within the laws of war--one of the weakest points for armies is logistics. This is the weakest point of any army! If not, why was Rommel defeated in Africa? Because he ran out of fuel, because the African population and governments were hostile, were enemies; and transporting the fuel from Italy to Africa was impossible for him because they blockaded that operation, and, though they had 1,000 tanks, what good did it do them? They could have had millions of tanks, but if they had no fuel, those tanks were useless to them."

Logistics: the Weakest Link

"So logistics is fundamental, and for a guerrilla army, too. A guerrilla army, if it has nothing to eat, if it has no one to help it, to protect it, to keep it informed, is an army that is annihilated in advance. . . And how do you guarantee that: with mass organization, and not with military--but political--organization of the masses, who have been made aware that they have to support the armed struggle and that military force, which will guarantee their victory, which will guarantee the attainment of the revolutionary objectives.

"That is the party's job. I think the Vietnamese have provided a major lesson about that. They prepared all the people for war; they mobilized all the masses for war. And Ho Chi Minh wasn't a military man. Giap was the main strategist, and not all the members of Central Committee of the Vietnamese Communist Party were military men. Then the problem isn't a military one; it's a political problem, a problem of the concept of revolutionary struggle, of taking power, of defeating the enemy, of the means to use and how to mobilize the masses to attain those objectives. And that is the party's problem. It's not a matter of militarizing the entire party and of the entire party's becoming soldiers or officers. It's a matter of the party's doing all its work to strengthen the military work, which is a different issue. Why? Because military work is not just arms, or uniforms, or a fighter; it's a more complex problem, more comprehensive. It's a problem of creating social bases to sustain that army, those guerrillas."

"If that military force is being maintained superficially, whenever the enemy becomes aware of that situation, it cuts the guerrilla group's supply lines, and the group runs the risk of being wiped out," said the youngest but most experienced of current Guatemalan guerrilla leaders. He also remarked, "That was what happened to us in the Sierra de las Minas in the 1960's. We received 50 percent of our supplies from the city. At present, to supply a guerrilla band, we don't need to take even one can to the Peten region. There they give us beans, tortillas, what we need. We have a political organization that even mobilizes collective production that produces for the war, to maintain those military forces. That's also a part of the people's support: the economic cost of the war. I can't give you money, but goods, yes. It's labor put to use for the war. We were also able to mobilize the masses for war missions like sabotage, and they didn't need to use weapons. For example, the Vietnamese mobilized thousands of men to lay complete roadbeds in one night, with pickaxes and hoes."

This concept of war and the party's role in it is what led the FAR--in the early 1970's--to shift its cadres from guerrilla fighting to work with the masses. And it was this organization, which arose to make war and continued to think that armed struggle was the only means of taking power, that between 1975 and 1978 headed the mass struggle in Guatemala.

Political Organization of the Masses: Guarantee of Military Victory

Experience has taught them that for the masses to join in the war, "first those masses must reach a certain level of radicalization and become convinced on their own that there's no other way to win, nor any other way to take power, other than by means of arms."

"Now, that convincing of themselves by the masses is not achieved by the guerrillas with their example alone. It's necessary to pass through a process in which mass groups begin to fight for their own interests: making economic or social claims, until they come to claims of a political nature. When radicalization of this movement occurs, then the masses begin to adopt new forms of struggle, or invent them."

The present situation in Guatemala greatly favors this process because the entire economic or social struggle taking place necessarily leads to a confrontation with the existing regime's repressive apparatus, and that increasingly radicalizes the masses, resulting in their joining in the war in growing numbers.

Today's reality is not what it was in the 1970's, according to the FAR's chief. At present, "even if a guerrilla organization has no mass work and is devoted exclusively to military actions, if they take place at a peak moment in the mass struggle, they can serve as a catalyst of enthusiasm, spirit, and the need the masses feel to move on to a higher form of struggle, which in that case would be armed struggle. Now, in our case specifically, at that time (referring to the early 1970's) we couldn't take off from that situation because, in the first place, the guerrilla movement had suffered one of its most serious defeats, and, in the second place, because the mass movement was almost nonexistent. What existed was not only very small, but was dominated by whatever government was in office, and the organizations that existed were run or controlled by the government. Then it was necessary to begin a job involving rescuing that small mass movement from the

reactionaries and turning it in a revolutionary direction. It was necessary to begin a new process of radicalization of the mass struggle so that they would come to the point of joining in the revolutionary war in the present situation, in one way or another.

"We can say," Pablo Monsanto stated categorically, "that if there hadn't been that rising of the mass movement in the past 8 or 10 years, the guerrilla movement now existing in Guatemala wouldn't be as large, nor would it have the same characteristics it now has. That is, the addition of large numbers of people from the masses to guerrilla movements has been possible because of the struggles that have taken place during all these years that led the people to feel of their own accord the need to arm themselves, not only to be able to defend themselves but also to fight to solve all their problems by taking power."

Despite the severe blows suffered in this sphere, the FAR have not given up working with the mass, for the reasons just given. "What we have done is change our methods, and, naturally, the blows they've delivered against us have been very powerful. We have to replace cadres, and that is a job the organization has to do. But we have to do it; we can't abandon this work because it's our political line. Because we believe that the masses have to participate in the political process, and that not all members of the masses are going to participate in military activity. It's wrong to think that we're going to arm all the people in Guatemala, or that all the people in Guatemala are going to take part in the war with a weapon in hand. That's not true; the masses will have another way to participate. Sure, supported by a military force that is going to wipe out, that is going to knock out, or is going to neutralize the enemy force, but it's the masses who in the end have to take power."

There is a "clear intent" to continue with this line of work, Pablo says: "To carry the masses into insurrectional situations and even into partial or total insurrections. We're convinced, however, of one thing: that the masses aren't going to commit themselves to insurrection as long as they have no military force capable of neutralizing the enemy's repressive apparatus. . . . Once the enemy's military force is partially defeated, the masses will rise up and take power."

Guerrillas in Three-Fourths of the Country

When I asked him if the savage repression by the Lucas government hasn't had a negative effect on the mass movement, he said:

"Of course; there was a big drop in activity, and fearfulness, too, because terrorism has its results. But it hasn't had the same results it had, for example, in the 1960's. Because in the 1960's the first thing the enemy did was wipe out the guerrilla group; and then it wiped out the existing mass organizations. . . . Now it has had no success against the guerrillas; it has caused casualties, but they're minor. Why? Because now there's generalization of the guerrilla war. Right now there are guerrillas in over one-half of Guatemalan territory. We can say that in three-fourths of Guatemalan territory there is guerrilla activity."

BRIEFS

SHORT-TERM EXPORT PLAN--Everything seems to indicate that the goal for non-traditional exports to non-traditional markets, which will equal 360 million dollars, will be reached by the end of this year, Economics Minister Julio Matheu stated optimistically. The official was extended a special invitation to the luncheon given by the Advertisers Association of Guatemala for the purpose of learning about the short-term export plan, which the government and the private sector are urgently carrying on in a coordinated way. Speaking on the issue were Minister Matheu, Mr Juan Jose Urruela, the plan's coordinator for the private sector, Mr Ronaldo Porta Espana, from the Guatemalan export promotion center, a body that acts as executive secretary, and Mr Frederico Fahsen Ortega, director of the Guatemalan Institute of Tourism, INGUAT. The minister has stated that there is a good chance that the emerging non-traditional export plan's primary objective will be reached. He bases his statement on the fact that, by the end of August, non-traditional products had been exported to countries outside of Central America and had a value of US \$114,158,000. Furthermore, traditional products that were nevertheless shipped to non-traditional markets earned a sum of 100 million, which makes for a total of \$214,158,000. Other important information divulged came out during the presentation having to do with trade agreement with Argentina, the progress made on another agreement with Colombia, and the upcoming renegotiation of the Bilateral Free Trade Treaty with Mexico. Another point brought out by the spokesman of GUATEXPRO was the presence of several preliminary trade missions in Europe, the United States, South America, and the Caribbean, which have "sewed up" business for Guatemalan businesses, which have already billed or are billing shipments for new clients. Mr Urruela, when referring to his part of the plan, said that the most important aspect of that plan is that it tends to create a platform for the sustained launching of non-traditional exports. Mr Fahsen Ortega acknowledged that March saw the most drastic drop in recent years--13,800 jobs--but that in July, the number of visitors was in excess of 20,680 persons, and the trend has been one of constant growth. [Text] [Guatemala PRENSA LIBRE in Spanish 24 Sep 82 p 4] 9983

CSO: 3248/93

FPR'S RENE FLORES DISCUSSES SITUATION IN COUNTRY

Mexico City UNOMASUNO in Spanish 17 Oct 83 'PAGINA UNO' supplement p 9

[Article by Simon Mejia Puc: "A Bastion of Counterinsurgency"]

[Text] Even though the level of organization of the masses is not optimum in Honduras when compared to the rest of the Latin American countries, several guerrilla groups have arisen who try to vindicate the Honduran people, constantly subjugated by tyrannical governments, but still lacking class consciousness.

Barely a year ago Honduras was called by many countries, but especially by officials of the U.S. government, "an example of democracy and political stability in the area". After almost 16 years of military regimes with only one brief interruption in 1972, Honduras was returning, via elections, to a constitutional form of government, a great example to its belligerent neighbors. Notwithstanding Washington's "good intentions" and the naive faith of those who supported the November 1981 elections, the differences between Honduras and El Salvador and Guatemala grow less and less every day. The pattern followed by its government begins to be the same as that of its neighbors: repression and militarism.

Honduras' "political stability", promoted by the United States, has definite objectives, for the country as well as for the global strategy that the Pentagon imposes on the area. The idea is to turn Honduras into a military bastion of the U.S. counterinsurgency, even against the wishes of its people. The annihilation of the Honduran popular movement is a fundamental step in achieving the desire of Washington's strategists: "to avoid at all cost the liberation of the Central American nations".

In the light of the revolutionary movements of its neighbors, and often encouraged by them, the struggle of the Honduran people has its own history. At the present time there exist two political-military organizations: the Popular Liberation Movement [MPL Cinchonero] and the Lorenzo Celaya Popular Revolutionary Forces [FPR]. Besides these there are two large organizations that represent the peasants and various union and student organizations. Nonetheless, the degree of development of this struggle is not yet at the

level of that of the popular organizations of El Salvador and Guatemala. Conditions in Honduras have been different. In spite of this, the government and the Honduran Armed Forces implement tactics that are more repressive every day and they embark on counterinsurgency activities whose magnitude greatly surpasses the scope of the political-military organizations and the consciousness of the struggle in the masses. This phenomenon has been called "preventive war" by the Lorenzo Celaya Popular Revolutionary Forces. Rene Flores, member of the FPR Revolutionary Council, explains this:

"A war is going on in Honduras, but it is a preventive war. A disguised war, whose objective is that of preventing the popular movement from taking the option of an armed struggle as a means of achieving power. Nonetheless, the tactics they use for this do not correspond to the degree of development that the popular movement has at the present time."

Why, then, use such advanced methods and embark on activities whose economic cost is very high?

"The operations being carried out by the army have as an objective unrestricted intimidation. At this time, for example, there is taking place in Honduras an indiscriminate national probe. There are reserves all over the country, searches of up to 15,000 houses per day have taken place in Tegucigalpa's marginal districts, using five or more soldiers per house. All of this has created great fear in the population, but not the collaboration of the people with the security organizations as the government plans. There are of course the civil defense organizations, whose support comes from the Liberal Party (PL) and which are identical to the civil patrols created in Guatemala and to those of El Salvador's ORDEN, now called Civil Defense Police. The PL calls on its members to organize themselves into these committees and the people do it, but mostly for fear of being branded as communists, either individually or by the districts where they live.

And being considered communist or revolutionary in Honduras is today a serious liability. Many are the voices that in a short time have unmasked the new government's character. Recently the president of the Honduran Human Rights Commission, Ramon Custodio, denounced the disappearance of 35 persons, 25 of them during the short period in which Roberto Suazo Cordova has governed. There are also constant reports of people being tortured by the Honduran Army or arbitrarily detained by security forces under the orders of the civil government.

Calmly and directly Rene Flores tries to explain this phenomenon. "The PL won the elections on the 29th of November because there was a previous agreement among the Armed Forces, the U.S. Government and the winning party itself. A return to a constitutional government was necessary to avoid the internal convulsions that provoked crises in other countries and at the same time to favor an anticommunist policy against the political-military organizations of Guatemala and El Salvador and also against the Sandinist revolution. But Reagan had his fears nonetheless, since the PL was considered to be a communist party. For this reason he asked this organization to declare its

anticommunist faith, and thus the new alliance started: while PL leaders went back and forth to the United States, an electoral campaign based on exaggerated religious fanaticism was started, a significant fact if one takes into consideration that the PL has its roots exactly in the church-state conflict that started last century. But the most outstanding thing about this alliance was the pact that the PL made with the army and by which it was established that the control of the military institution would be in the hands of its most reactionary sectors. Thus it was that Col Gustavo Alvarez Martinez, trained in Argentina, an old friend of Gen Jorge Videla and known to the Honduran people by the repressive methods he has used since his first command in a banana-growing zone, was named chief of the armed forces. In doing this the military men broke even their own rules of the political game, since Alvarez did not meet the requirements for that position. A government was then formed that calls itself democratic but that in reality is absolutely dependent on U.S. Latin American policies. A government ready to do anything. More so than any other since, due to its traditional role as opposer of the National Party, it sustains itself with the thesis that it is a government of the masses, and claims accordingly to be following their wishes with its policies.

In fact, military penetration in Honduras today reaches levels without precedent in the long history of U.S. interventionism. During the first months of this year, at the same time that the international press made public the training of 960 Salvadoran soldiers at Fort Bragg and of 500 more at Fort Benning, hundreds of Honduran military men secretly received training at Las Americas School in Panama and as many more Somozists and Cuban exiles were getting specialized training in counterinsurgency tactics in Florida. In 1982 alone the Honduran Government received \$60 million in economic aid and \$10.7 million in military assistance from the U.S. Government, a sum that will be substantially increased during the next fiscal year. Honduras is today the country with the largest number of U.S. military advisors in all the area and has the most powerful air force. Even the Reagan administration constantly talks about the small number of troops the Honduran Army has in comparison with its neighbors. What Reagan and his advisors are forgetting is that to the 15,000 men in the country's army, 5,000 former Somozist guards and at least 2,000 Cuban and U.S. mercenaries must be added; if they were trying to give a straight account, they would have to say that the total number of troops is the same as that of its neighbors, or even greater.

Thus, 1982 is already the year of the consolidation of U.S. military control over Honduras, and June marks the beginning of the regionalization of the Central American conflict. On the 23rd of this month, more than 1,000 Hondurans entered Salvadoran territory in order to try and stop the advances of the FMLN [Farabundo Marti National Liberation Front] through a joint operation in the Morazan district, which Alvarez himself acknowledged. Disregarding these recent manifestations, the task of transforming the weakest army in Central America into a military support for the counter-insurgent efforts in the whole region started a long time ago. Since the time of the Carter administration, and as a result of the success of the

Its radicalization is part of the same development process of the war. The masses show us the way, the worthwhile steps we should take. It is a two-way process in which, as a political-military structure, we seek to lead the masses and at the same time receive from them, in relation to their development, information about their requirements, in order to take whatever steps are necessary. If the masses stop, the movement stops. This explains the fact that if there is not much action at the present time, it is because the conditions are not right for it. Our fundamental strategic conception is that the biggest confrontations must take place in the country. The peasants make up the majority of our people and are the basis of our organization."

The recent attack on the Chamber of Commerce at San Pedro Sula in Honduras, carried out by the commando group "Patria o Muerte" [Fatherland or Death] of the MPL Cinchonero, did not achieve the expected goals in spite of having been described as the most notorious abduction in Central America. The Honduran people learned of the deed but the press and the radio never stopped vigorously condemning the action. As for the Honduran regime, paradoxically it tried to turn this action into a victory: it tried to gain sympathy on the part of the antiterrorist campaign, consolidated its authority in the eyes of the pressure groups of private enterprise, and together with the armed forces it enhanced its image of firmness and intransigence. When the Cinchoneros left for Panama, some foreign correspondents who covered the event reported: "Here in Honduras everything appears to be calm." But is the Honduran populace calm?

The counterinsurgent rage of the Honduran leaders, corrupted by U.S. plans and infuriated after the abduction in the Chamber of Commerce, will no doubt let loose a wave of repression that will reach levels never before known by the Honduran people. The first signs of this are already evident. The radio constantly incites people to denounce the subversives, while arbitrary detentions increase notably. The government and its allies celebrate victory; other sectors of society remain in uncertainty and still more of them in terror. Nonetheless, Rene Flores maintains, secure in the perspective of his struggle:

"The level of mass organization in my country is not equal to that in the neighboring countries. As I explained, it has to do with an organizational process. In Honduras the masses have been beaten and constantly repressed. Nevertheless, they have always struggled and have tried to organize themselves. But they have done this only at the union level and have become embroiled in economic misadventures and in vindicating campaigns in an effort to raise their political level. Things are no longer the same: people cannot live permanently in a state of prostration. The revolutionary process itself in Central America and the support that our people have given to the revolutions in Nicaragua, El Salvador and Guatemala heighten their consciousness as a people. The government is unleashing repressive tactics never heard of before, because they know that this is the only means at their disposal to stop the revolutionary war. What they do not know is that in doing this they are defeating their own purpose, since repression generates organization. We are against repression; we do not want our people to pay

Sandinist revolution in Nicaragua, the growth of the popular struggle in El Salvador and the advances of the guerrilla movement in Guatemala, the U.S. Government started to see Honduras as a key piece for the prevention of a new triumph of the revolutionary movement in the region. Thus Carter understood the great advantages offered by the Honduran Army, still immune to confrontations with guerrilla movements in its own territory.

Although Carter was right in his estimation of the magnitude of the Honduran popular movement, nonetheless he did not take into consideration the undeniable social ferment and the resulting development of a conflict in that country. During 1981 the guerrilla war intensified in El Salvador and Guatemala. The presence of three groups already known in 1980 became evident in Honduras: the Morazanist Front for the Liberation of Honduras (FMLH), the MPL Cinchonero and the FPR. The actions taken by the popular organizations during 1981 include the occupation of buildings, strikes, street demonstrations and protest rallies. Along with these, military operations of the Cinchoneros and the FPR took place, which together made evident the failure of the government's plans for a preventive war.

As a member of the FPR Revolutionary Council, Rene Flores talks about his organization: "Even though the FPR is one of the most recently formed organizations (it became known on 30 November 1980), ever since 1977 we have maintained some level of organization. In fact it was in precisely that year, after discussions about the convenience of integrating a political-military movement, when we started laying the foundation for what is today our organization. Its appearance, on 30 November, marks also the appearance of an entire process whose new plans consist of incorporating the populace with the Honduran revolution through the political-military struggle."

What is the strategy followed by the FPR?

"We believe in a prolonged war. We believe that in order to consolidate the Honduran revolution and acquire the capacity to rule, a long process, not defined in years but in terms of the possibilities of orienting and organizing the people, is necessary. A process founded on mass organizations. It is for this reason that we emphasize the need to organize the masses, since if the political-military organizations exist it is only thanks to the fact that they are there, within the masses."

The peasant-labor alliance is the fundamental principle in the development of the FPR. Nevertheless, this political-military organization began its activities in the cities and up to now it has concentrated its activities in them. Regarding this, Flores explains:

"We began operating in the cities because we consider that this is a strategic offensive stage in which we should accumulate strength, and this is only achieved through experience and logistics accumulated by tactical blows struck at the enemy. Another revolutionary principle from which we take inspiration is to consider the masses as heroes of the revolution. That is to say, the revolution is made by all the people and not by an isolated group."

"a high price for their freedom, we do not want them to be massacred.

Because of the indiscriminate acts of repression by the regime, it is inevitable that the masses will soon begin to raise their own level of existence."

While this is going on, Honduras changes and consolidates itself as the base of the military destabilization and harassment programs against Nicaragua, planned in Washington, and also as an instrument of the counter-insurgency struggle carried out by the Salvadoran and Guatemalan armies.

9907

CSO: 3248/145

BUSINESS SECTOR APPEALS TO PRESIDENT-ELECT DE LA MADRID

Mexico City EXCELSIOR in Spanish 18 Oct 82 pp 1-A, 10-A

[Article by J. Jesus Rangel M.]

[Text] The business sector has asked President-elect Miguel de la Madrid for no privileges or prerogatives, but rather that he take up again the country's constitutional path and the state of law, so that all sectors may cooperate in the national reconstruction in peace and harmony, with "nobody feeling that he has power over the rest of the people."

Manuel J. Clouthier, president of the Coordinating Business Council (CCE), made those remarks yesterday, and he emphasized that much of the capacity for dialogue has been lost and that now is the time to resume that dialogue. He stated that present prospects for the national economy are very poor: "there will be much unemployment; some businesses will fail and others will close for want of raw materials which, because of the scarcity of dollars, cannot be imported." Referring to the meetings which have been held and will be held in various cities in the country under the slogan "Mexico in Freedom," promoted by businessmen from the interior of the republic, he said: "When other sectors demonstrate, it is said that they are democratic and genuine, but when private initiative does something, it is said to be ganging up and causing destabilization; that is not fair, because we are not doing that."

The business leader emphasized that the changes he mentioned in Torreon, Coahuila, referred, more than anything else, to renovating old ideas which are already contained in the constitution. "I spoke of renewing values such as work, integrity, justice and austerity, and taking up again the constitutional road that we have been losing in one way or another."

He was asked if this had already been requested by the private sector of President-elect Miguel de la Madrid, to which he replied: "Yes, and the important thing is that the people also want to end the corruption, to be respected in their rights and to be taken into consideration when decisions are made."

In response to another question he expressed his confidence that the president-elect will return to the constitutional path and the state of law. "However, before putting our faith in their guarantees, we must begin to have faith in ourselves."

He explained that only a person who has confidence in himself is capable of having confidence in others, and that the meetings held in Monterrey and Torreon under the "Mexico in Freedom" banner are expressions of what the people are thinking; the people are the foundation of the business organizations, "and they must be considered."

Clouthier emphasized that the constitution must not be reformed every day "at the whim of whoever is in power. It should be reformed when there is really a consensus of all the parties, but we should not first establish a constitution and then reform it."

Then he pointed out that it is necessary to renew the capacity for dialogue, much of which has been lost, and that it is highly positive for the people to express their thoughts publicly. "We hope to return to a constructive dialogue."

Referring to economic prospects, he emphasized that unfortunately they are very bad: there are business which are very much in debt, even on the point of failing, and there will be much unemployment. "They must not change the rules of the game on us every day, because one cannot plan seriously, neither in the short or much less in the long term.

He was asked if what has been achieved to date would be lost, and he replied: "We are in an economic crisis, but we must begin to reconstruct the country on firmer foundations. The national reconstruction must be on more ethical bases, returning, above all, to the principles of work, saving and effort."

Finally, he emphasized that the businessmen are not asking either prerogatives or privileges, but simply "that we be allowed to cooperate with the other sectors--workers and government among them--to achieve greater goals of development with a healthy peace and harmony, and not with one sector having power over the others."

8735
CSO: 3248/154

BISHOP CITES LACK OF CIVIC SPIRIT, ROOT OF CORRUPTION

Mexico City EXCELSIOR in Spanish 20 Oct 82 p 17-A

[Report on interview with Bishop Genaro Alamilla Arteaga, secretary general of the Mexican Bishops' Conference, in the offices of that organization; by Carlos Velasco M.; date not given]

[Text] Saying that "the country's problems have multiplied," the secretary general of the Mexican Bishops' Conference, Genaro Alamilla Arteaga, further asserted that "the corruption and demagogic from which Mexico is suffering are the result of a complete lack of civic values," and he said also that "we must put aside all types of indignities so that suggestions and opinions may be accepted which will help to solve the nation's crisis."

Then he remarked that "those who are responsible for our economic problems, at whatever level, must learn to listen to and call upon the representatives of all sectors of society to seek out a solution."

Interviewed in the offices of the Mexican Bishops' Conference, Alamilla Arteaga said that "the gamut of problems we have suffered has engendered a whole new set of problems; that is why all the negative situations that prevail in Mexico have multiplied." He warned that in view of this situation, "it is indispensable that solutions also multiply."

Noting that "dignity is one of man's virtues," the secretary of the bishops' conference said that knowing how to listen to others "is to demonstrate that man has this virtue."

He pointed out that in the economic area, "the area where we have the most problems, we must call upon the most capable people to apply economic solutions to this type of problem, because the economy must be managed as such and not as a political matter."

Referring to unemployment, he explained:

"In any country where this problem becomes acute and where there are other factors affecting the worker and, further, where there are no adequate solutions, this creates discontent among the working class. All this becomes very serious, since this discontent can be manipulated by subversive and violent ideologies." In view of all this, he emphasized, solutions must be found for unemployment in Mexico.

Why Such a Large Debt?

He asked: "Why is there such a large foreign debt? How was the income from petroleum managed? Was it necessary to nationalize the banks?

And he added that "I am not asking these questions myself; the Mexican people in general are asking them, and therefore an answer is required for all of them." He also alluded to corruption in Mexico, and pointed out that "in our own country we hear about many things, while other countries do not hear of them; that is why we know how things have been mishandled in Mexico."

He expressed the opinion that many people have become corrupt because "they have always been accustomed to a higher standard of living and so, when their needs were not satisfied at a given moment, they turned to corrupt manipulations to get money."

Shortly before concluding, Alamilla Arteaga indicated that "in Mexico we do not educate our fellow countrymen to their civic rights and duties; that is why we have corruption and demagogic, because we do not know our rights as Mexicans."

And he emphasized: "The people's conformism is a faithful reflection of this lack of civic training. This has made them fifth-class citizens," he concluded.

8735
CSO: 3248/154

INVESTIGATION REVEALS CORRUPT PEMEX PRACTICES UNDER SERRANO

Mexico City PROCESO in Spanish 18 Oct 82 pp 20-21

[Article by Oscar Hinojosa]

[Text] At the end of an "exhaustive and meticulous" investigation--the proceedings presently comprise 5,000 pages--the Office of the Attorney General of the Republic [PGR] has established that officials of Mexican Petroleum [PEMEX] authorized purchases of petroleum equipment at "substantially above-normal" prices from Crawford Enterprises, Inc. which, as a whole, come to \$97 million (6,790 pesos at the present rate of exchange) in losses by the country's principal enterprise.

The PGR has evidence--obtained through audits, verification of cash in hand, testimonies and documentary proof--that Crawford Enterprises, INC. and Grupo Industrial Delta, S.A. faked a trade agreement which concealed kickbacks to PEMEX officials.

Two officials of the petroleum firm in the administration of the controversial Jorge Diaz Serrano--Ignacio de Leon, commercial subdirector, and Jesus Chavarria, operations subdirector--are implicated in this administrative and political scandal which came to light on 20 September in Los Angeles.

The press release--published last Saturday--gives the results of the investigation in which the present director of PEMEX fully collaborated.

The following is the text of the press release:

"The PGR is meticulously analyzing operations involving the purchase of equipment carried out by PEMEX during the period extending from 1977 to 1980, since, in some of the dealings between PEMEX and Crawford Enterprises, Inc., over-pricing has been discovered varying between 35 and 45 percent compared with prices quoted by the equipment manufacturer. The PGR is presently investigating the motive PEMEX had in purchasing equipment from that intermediary company when there were lower quotations direct from the manufacturer.

"The PGR now has evidence obtained from audits, verification of cash in hand, testimonies and documentary proof which shows that Crawford Enterprises, Inc. and Grupo Industrial Delta, S.A. faked an intermediary trade agreement in the United States to conceal the kickbacks which Crawford Enterprises, Inc. paid to certain PEMEX officials and which were concealed in all the documentation under the heading 'folks.'

"There is sufficient evidence to show that Crawford Enterprises, Inc. paid Grupo Industrial Delta, S.A. a total of \$19,090,176 of which the latter firm paid \$12,272,256 to PEMEX officials under the heading of a commission of 4.5 percent of the amount of each order for petroleum equipment PEMEX placed with Crawford Enterprises, Inc. These purchases consisted essentially of turbines, compressors and equipment necessary to take advantage of the gas obtained jointly with the crude oil.

"It has been verified that the petroleum equipment purchased by PEMEX through Crawford Enterprises was obtained at a substantially higher price than that established by the manufacturers themselves and that the equipment could have been procured at a lower cost. For example, with regard to PEMEX order number 800-57-0-61-563 of 4 July 1980, placed by PEMEX with Crawford, Inc., a price of \$71,677,875 was established, even though the manufacturer of the equipment, C.E. Miller Company, had advised PEMEX in a letter dated 7 June 1980 that the Miller company could sell and deliver the equipment directly to PEMEX for the sum of \$63,811,498; yet, the order was placed with Crawford Enterprises, Inc. for \$71,677,875 to be charged to PEMEX.

"In statements made in court in Los Angeles, California, Charles E. Miller, president of C.E. Miller Corp., admitted that the price of the machinery this company sold to Crawford Enterprises, Inc. included 5 percent which Crawford Enterprises had said it must pay as a commission to Grupo Industrial Delta, S.A. so that Gruop INDustrial, in turn, could pay bonuses amounting to the same 5 percent to certain PEMEX officials identified by Mr Miller as engineers Jesus Chavarria and Ignacio de Leon Martinez; however, Miller said that he did not deal directly with those two individuals.

"In the investigation which the U.S. Justice Department is pursuing with regard to Ruston Gaston Turbines, it is made apparent that Donald G. Crawford, president of Crawford Enterprises, Inc., had been in agreement and had promised to pay engineers Jesus Chavarria and Ignacio de Leon Martinez, officials of PEMEX in charge of production and purchasing, 5 percent of the value of all purchase orders placed by PEMEX with Crawford Enterprises. However, the Ruston officials declared that they had never dealt directly with the PEMEX officials.

"The PGR, with the full support and cooperation of PEMEX Director Julio Rodolfo Moctezuma, is pursuing all possible avenues and succeeding in getting the necessary documentation to ascertain which PEMEX officials, designated as 'Folks,' received the kickbacks and which officials are responsible for authorizing the excessive prices in the purchase of equipment by PEMEX from Crawford Enterprises, Inc. whose total selling price was \$64,761,682 with an overpricing of approximately \$97 million to the detriment of PEMEX. Lastly, the PGR states that the proceedings presently comprise about 5,000 pages, which indicates the exhaustive and meticulous nature of the investigation."

STUDY SHOWS EXTREMELY HIGH CONCENTRATION OF LAND OWNERSHIP

Mexico City EXCELSIOR in Spanish 18 Oct 82 pp 1-A, 12-A

[Article by Aurora Berdejo Arvizu]

[Text] Conclusions reached by the SARH [Secretariat of Agriculture and Water Resources] and the ECLA in a study. The farmer is ignored as a productive entity. A total of 80 percent of the country's property in a state of subsistence.

Mexico's agrarian structure is characterized by a high concentration of land ownership and control of productive resources: 1 percent of the farmers own property which exceeds 400 hectares and monopolize 50 percent of the land and 74 percent of the machinery; in the face of this situation, which has brought the country to an agricultural crisis which has lasted more than 17 years, the state is applying a purely "welfare" policy to the farmer without considering his productive function.

That is one of the conclusions reached by the SARH--as representative of the Mexican Government--and the ECLA in a 13-volume investigative report on "The Agricultural and Cattle-Raising Development of Mexico, Past and Future," in which it is stated:

"A total of 80 percent of the country's agricultural property is on subsistence and contributes only one-fifth of the value of agricultural production; in contrast to that, 3.5 percent of the property is of commercial character and generates more than half of the production."

And it is precisely around commercial agriculture, around irrigation, "that the entire system of public investment and official support is centered and developed, receiving the participation of institutions associated with credit, supply, marketing, technical assistance, research and the like, all of which shape the overall development policy."

New Guidelines Being Sought

In accordance with this investigation, which emerged as the result of an agreement between the SARH and the ECLA and which gave rise to the Program of Cooperation for the Qualifying, Advising and Planning of Agricultural

and Cattle-Raising Development, both organizations also agree that the overall plan for agricultural development pursued by the country has now exhausted its possibilities; that is to say, the farming policy needs a new plan and new guidelines which will stop considering commercial agriculture the principal recipient of benefits and rural agriculture incapable of fulfilling its productive role.

In the first volume of this investigation, devoted to the topic, "Agricultural and Cattle-Raising System in Mexico's Economic Development," it is clearly stated that in 1965 it became obvious that the model of development being pursued in this sector was outmoded and that, in the next few years, it would be necessary to determine where the support should preferably be given and under what conditions.

For example, as part of the indicators which reveal the depth of the crisis in the farming sector, it was pointed out in the investigation that in 1978 the total amount allocated by the public sector to these activities rose to somewhat more than 93 billion pesos, equivalent to about 10 percent of its total cost, so that the farming sector was the recipient of a portion of the public expenditure equal to that of its own contribution to the generation of the national product.

And from a broader perspective, the study shows that the gross cost incurred by the federal public sector and its government-affiliated organizations associated with farming activities came to 7 billion pesos in 1970 and 77 billion in 1977.

Agriculture's Participation

However, during its best period, agriculture managed to account for 20 percent of the GDP; this contribution decreased to 13 percent at the beginning of the 1960's and, in recent years, it has even been at a negative level.

The study says that the reported drop in the agricultural sector's contribution to the GDP cannot be considered a "natural" phenomenon and that, in the agricultural crisis--presently one of the main problems of the Mexican economy--participation by the state has been decisive.

It recalls that it was the state which, during the entire history of agricultural and cattle-raising development, went through various phases according to the stress placed upon the need for its intervention at a particular time in the agrarian sector, public investments of an infrastructural nature and support for technological progress.

And as part of the effects of the agricultural and cattle-raising policy pursued by the state--aside from serious polarization in income and the distribution of land and wealth--the study says that a marked decrease was observed in the amount of irrigated and rain-soaked area devoted to the

production of basic cereals--a decrease of more than 1.4 million hectares--while there was a considerable increase in the amount of land devoted to the production of oleaginous and forage crops.

In principle, this study emphasizes that we should reconsider the present models of development and asserts that the crisis is affecting both irrigated and commercial agriculture.

8568
CSO: 3248/158

CNIC: LATEST CONSTRUCTION INDUSTRY UNEMPLOYMENT FIGURES

Mexico City UNOMASUNO in Spanish 21 Oct 82 pp 1, 8

[Article by Angelica Quezada]

[Text] To date 40 percent of construction industry workers--about 400,000--have been laid off, despite the fact that "the effects of the complex and unforeseeable crisis have barely begun to be felt," said yesterday Miguel Angel Salinas Duarte, president of the CNIC (National Construction Industry Chamber), who added that the industry is operating at 60 percent of its installed capacity and it is expected that the rate of growth will fall below 7 percent, compared with the 11 percent maintained since 1977.

This sector, which generates 7 percent of the gross national product and represents 51 percent of investment in assets, is now feeling the traditional slowdown in activity occurring at the end of each 6-year period, in addition to the cancelation or reduction in federal, state and municipal public works, for which the construction companies allocate 80 percent of their installed capacity.

The recession being experienced by this sector is combined with a highly inflationary environment, a reflection of the crisis itself. Salinas Duarte indicated that industry costs are rising at an unprecedented rate: In the 1960's the annual rate of increase was 4.3 percent, a figure now representing the monthly rise, and the average annual rate of increase of 20 percent in the 1970's tripled in 1982.

Such a price dynamic has forced the construction industry to establish responsive mechanisms for budgetary adjustments, with a view to avoiding loss of enterprise capital.

He indicated that the contraction in demand has "begun to decimate the enterprises," and their outlook is uncertain, since it is possible that the behavior of the national economy will not return to normal until next April or May, allowing for renewed activity in the construction sector.

He explained that the branch most affected by the financial adjustments being suffered in the country is that of heavy construction, due to the fact that a high proportion of its work elements consist of machinery and equipment produced abroad and it is now facing a lack of foreign exchange needed to pay for it.

Regarding the control of foreign exchange, he indicated that this mechanism additionally complicates the existence of the enterprises, because inevitably the importation of capital goods will mean complex and cumbersome procedures, and in the case of the construction industry, which demands rapid operations to lower costs, this process means serious difficulty.

The CNIC president set forth the foregoing while participating in the second National Concrete Congress, organized by the Mexican Cement and Concrete Institute.

Later, on being interviewed, he explained that 78 percent of the sector's personnel are under contract for specific projects or they are maintained on an as-needed basis, and this is what has been most affected by the reduction in projects.

The business leader commented that if this unemployed work force has not put strong pressure on the labor market in the principal metropolitan centers it is due to the fact that most of the workers are from rural areas and have returned there. Unemployment, he said, is real and much greater than indicated by labor authorities.

Salinas Duarte referred to the forecasts on the behavior of the sector in the coming months and assured that if the economy achieves 1 or 2 percent growth this year, then construction will decline by 5 to 7 percent, since, as he explained, in order for this branch to show any growth it is necessary for the country's gross internal product to grow by more than 5.7 percent.

On the other hand, if the economy's total annual growth is less than 3.7 percent, the corresponding growth of the construction industry will be negative, as is expected at the end of 1982.

9746
CSO: 3248/153

BRIEFS

LABOR SECRETARY REPORTS CRISIS--Villa Nicolas Romero, Mexico, 16 Oct--The economic crisis has already caused the layoff of approximately 400,000 workers in the country, stated Sergio Garcia Ramirez, secretary of labor and social security, who also indicated that federal and state labor authorities have received 1,680 strike calls based on demands for higher wages. Interviewed following a ceremony by the state government in honor of Fidel Velazquez, leader of the CTM (Confederation of Mexican Workers), the head of the Labor and Social Security Secretariat said that the figures on unemployment are mainly the result of estimates by the Federal Conciliation and Arbitration Board and the Mexican Social Security Institute, although other official indicators were also considered. Garcia Ramirez considered that the number of strike calls is important, and that it is indispensable that talks between representatives of labor and management continue "with dynamism and understanding." Specifically, Fidel Velazquez stated that management is not concerned with the country's welfare, but is seeking to defend its particular interests. The CTM also estimates that some 400,000 workers in the country have lost their jobs, said Fidel Velazquez. This figure represents only 2 percent of the Mexican work force, he pointed out. [Excerpt] [Mexico City UNOMASUNO in Spanish 17 Oct 82 pp 1, 4] 9746

TLAXCALA TEXTILE WORKER DISMISSALS--Tlaxcala, Tlax, 17 Oct--This week 15,800 artisans in the region's textile industry lost their jobs when sales fell off in dozens of businesses in Chiautempan, Contla and Huejotzingo, as well as through the closing of sources of work, brought about by excess inventories and the lack of materials and spare parts. Of those dismissed, according to Eliseo Vazquez Valdes, head of the local Revolutionary Confederation of Workers and Peasants, only 800 are under agreements with the enterprises to return to their places of work once the economic crisis is over. Gilberto Quechol Pinillo, leader of the region's artisans, said that the storehouses are full of wearing apparel valued at more than 500 million pesos, and sales plummeted this season. Vazquez Valdes indicated that many workers were laid off from the factories Telafil, Manufacturera and Maquiladora Matsa y La Luz, among many others in the sector. The state government, through its industrial department, offered to appeal to the Secretariat of Commerce on behalf of business to obtain for them the necessary permits for importing spare parts, as well as preferential dollars. [Text] [Mexico City EXCELSIOR in Spanish 18 Oct 82 p 8-A] 9746

CSO: 3248/153

SITUATION ALONG BORDER WITH HONDURAS DESCRIBED

Mexico City UNOMASUNO in Spanish 17 Oct 82 'PAGINA UNO' supplement pp 5, 6, 7

[Article by Irene Selser]

[Text] In recent months the area in Nicaragua along the Honduran border has been subjected to a series of aggressions, attacks and incursions by counterrevolutionary forces, remnants of Somoza, supported by the Honduran Army with U.S. advisors. Nevertheless, the Nicaraguan people are not unprepared and are making serious plans to do whatever is necessary to defend the revolution. As in Vietnam, along the Nicaraguan border the peasants must work with a rifle strapped to their backs.

Chinandega, Nicaragua--"It is true, all of those in this village who were guardsmen under Somoza went over to the other side. We call those from Chichigalpa the 'bambulos' and they are also on the other side. Of course, their family members are sick and sometimes they take medicine, food and even cigarettes across to them. Since we know who they are we take it away from them before they cross over. They try it again and we take it away from them again. We cannot touch the families because the revolution cannot assassinate. If we violate the regulations on human rights we would lose prestige. That is why we do not shoot them, even if they deserve it. Now Honduras has also become involved with us. It is more logical, because the "contras" [counterrevolutionaries] have as many as 50 new FAL rifles, and here they did not have anything like that.

"Their commandos are on the bank of the river, over there, perhaps 100 meters away. It has been several days since they last attacked, but that is because they are feeling out our strength. What is happening is that they are very well advised by the Yankees. Before they came in pretty much at random, but now they come in military units and are quite troublesome. Of course there are Honduran guardsmen! I saw them in the last encounter, as did all of the militiamen in the zone. And their forces are not uniform. The Hondurans are dressed in blue and the 'contras' are wearing olive green and are camouflaged.

"They are spread out right over there. Right now one can make out their commando unit called Palo Verde. From there they fire mortar in all

directions. That is a fact; their real strength is the Honduran guard--the ones in blue. There is a highway there that turns in this direction. They park in front of the commando unit and start unloading people from the trucks.... I was cultivating cotton when the time came to grab a weapon to defend the revolution."

Pedro Melendez, a peasant from the department of Chinandega in the northeast of the country, fought in Vano Ancho in the municipality of Santo Tomas, scarcely 500 meters from the Honduran border. The attack began 7 August with harassment of EPS (Sandinist Popular Army) military vehicles. Posted on the hill were about 35 "contras" and another group. They had mortars, FAL rifles, grenade launchers. With the nine border guards in Santo Tomas and "just one .30 caliber rifle we caused disastrous losses, inflicting 15 casualties without losing a single man," recalls Pedro, who joined the anti-Somoza struggle in September 1978. "And you, are you decided? the 'compa' asked me before handing me Garand. The truth is that I half wanted to lose my courage; a little pistol is not the same thing as a Garand, but I said 'no, if I am already committed whether I live or die I have to take it.' Thus it was that I went to the forest. Later, as you know, we triumphed."

Testimonies such as the foregoing are repeated in all the border districts of the municipalities of Santo Tomas, San Pedro, San Francisco del Norte, Cinco Pinos and Los Limones, harassed almost daily by the named counter-revolutionary bands operating out of Honduras, whose army serves as a rear-guard for them and provides them with vehicles, arms, food and medical care.

According to responsible EPS military personnel in the northwest zone, the aggressive tactic of the bands was recently modified and the harassment of military and civilian vehicles developed into direct attacks on defenseless peasant villages.

Consequently, it was decided to place the defenses along the border to impede its penetration and the subsequent withdrawal to Honduras. According to the same sources, the Honduran Army has concentrated its forces, technical resources and even the staff itself opposite Nicaragua's northeast zone.

The recent decision by the Sandinist Government to convert the said region into a "military fortress" would actually have the purpose of defending its territory against an eventual plan for simultaneous large-scale aggression launched from the southwest part of Honduras, where Somoza followers are continuing to establish encampments such as those of El Berrinche, Palo Verde, Cacamuya and San Marcos del Norte, among others.

Thus, earlier versions would have to be discarded, according to which the armed counterrevolution was seeking to establish a provisional government in the department of Zelaya, on the Nicaraguan Atlantic coast, with the support of the Honduran regime and the U.S. administration.

During this year alone the border departments of Chinandega, Esteli, Madriz and Nueva Segovia suffered 35 military provocations, about 30 infiltrations,

34 confrontations and more than 60 cases of cattle theft. That was in addition to the blowing up of bridges, attacks on strategic fuel deposits and massacres of peasant villages, such as in San Francisco del Norte, which forced the EPS to redefine its defensive strategy and organize the self-defense of the civilian population's own districts and municipalities.

Similar armed aggression, harassment and acts of sabotage took place in recent months along the southern border with Costa Rica and in the northern Atlantic region, as well as in Waslala, in the central zone of Zelaya and in the departments of Granada and Leon, barely 40 and 90 kilometers from Managua, respectively. Nonetheless, a glance at the map lets one see that such actions would have the objective of maintaining permanent centers of tension that force the EPS to mobilize and remove its troops from the strategic Chinandega region.

The massacre at San Francisco del Norte last 24 July transformed the reality of the Nicaraguan northeast, whose population did not provide mass support to the anti-Somoza struggle.

The region's own geographic, economic and social reasons--the region is one of the most backward educationally and culturally--as well as certain limitations in the revolutionary leadership, then incapable of maintaining an accelerated rate of peasant mobilization in the northern zone, contributed to creating the said situation which, despite the growing integration after the triumph of the various social sectors in the tasks involved in reconstructing the country, is still showing its effects, aggravated by the external aggression.

According to the information gathered in San Francisco del Norte, some 100 armed elements from the pro-Somozists camp in Cacamuya penetrated the town and killed 14 militiamen. Another eight persons were abducted and their families say that they are being held in the Cacamuya mine, in El Zarzal in the Honduran department of Choluteca and in San Marcos de Colon.

The aggressors carried M-16 rifles, Galil and large-caliber machine guns. They also had 40 mm M-79 grenade launchers, 60 mm mortars made in the United States with an action radius of 20 meters and Chinese rocket launchers with a destructive radius of 50 meters.

The EPS had withdrawn from San Francisco 4 days before the massacre. Apparently that information was given to the Hondurans by Salvador Cruz, a member of the pseudo-religious sect Jehovah's Witnesses. Together with the Nicaraguan Baptist Convention, Assemblies of God, Full Gospel, In Jesus Christ, Apostolic of Faith and Free Apostolic, among other evangelical denominations, the "Witnesses" maintain permanent information networks with the Somozists.

The radio broadcasting stations HRN, 15th of September and more recently, Radio Sandino, all based in Honduras, also cooperated with the counter-revolution through permanent campaigns of religious and anticommunist agitation.

Before leaving San Francisco, the armed group painted "Nicaraguan Democratic Front" on the walls. They sacked the stores in search of provisions and they left as they came, shouting: "With God and patriotism we will put an end to Sandinism."

The dramatic experience of that community, further traumatized by the events, accelerated the integration of the rest of the border towns in the tasks of self-defense, conceived indefinitely, in view of the impossibility that the weak Nicaraguan economy, pushed toward war, could sustain permanent military units along a border of approximately 450 km with Honduras and some 250 km with their neighbor Costa Rica.

Even more so if one considers that the revolution, more than in the very fact of arms possession, has based its own defense on the permanent popular mobilization of the different social groups in support of the new state.

In this sense the work of the FSLN (Sandinist National Liberation Front) is being directed more and more intensely toward the political, ideological and cultural formation and to the organization of the Nicaraguan masses in their respective work centers, popular organizations, militias, reserve battalions, voluntary police and revolutionary guards.

Military self-defense is thus tied to the rest of the productive activities and to political and ideological preparation, coordinated with the EPS according to barrios, municipalities and departments. The circular defense of the villages is independent of the EPS, as are the militias associated with the work of constructing wells and antiaircraft shelters, and in the handling of regular arms, mortars, grenade launchers and machineguns.

In addition, there are precise alarm systems in accordance with the nature of the aggression. The population is made familiar with the loading and unloading of rifles, forms of evacuation and the locating of medical posts and food supply centers, both in urban centers and in the rural sector. A municipal self-defense authority coordinates the activities. In every district there is a pyramidal leadership structure made up of company, platoon and squad chiefs comprising the municipal authority, which in turn is under the direction of a zone control committee.

The FSLN also maintains a municipal control committee coordinated with the zone staff, comprised of the various chiefs of the defense organizations; that is, the head of the border guards, the head of the regional military units, the battalion chiefs and those in charge of the militias.

The permanent literacy program among the population is also an instrument of political education. The basis and defense committees, in turn, operate as information centers for the district movement in conjunction with the FSLN zone leadership and the leaders of the EPS military detachments.

Except for Villanueva and Somotillo, the municipal capital of the department of Chinandega, the rest of the northwest zone is not suitable for agriculture. A subsistence economy prevails where basic grains are cultivated. Current

development plans are directed toward encouraging poultry production and the fattening of pigs and chickens for the local market and the market in Chinandega.

The region's vulnerability to armed infiltration has made it necessary to evacuate entire villages, although these projects, which also involved resettling in more fertile bordering areas, were finally suspended because indirectly they meant a territorial gain for Honduras.

In Cinco Pinos, about 11 km from Santo Tomas, the Sinica Poultry farm provides eggs for the country's entire northern zone. The goal is to increase production with a view toward creating a larger farm in Somotillo, with a capacity of 18,000 hens.

Students from Chinandega, Villa 15 de Septiembre, Chichigalpa and Pozoltega attending the Peasant Agricultural School visit the productive complex twice monthly as part of their technical training and subsequent integration under the policy developed for this purpose by the ministers of education and agrarian reform. School production cooperatives are also promoted, with the goal of training the students to be future administrators for the farms of the National Institute for Agrarian Reform.

Through political and cultural work the Nicaraguan authorities are also oriented toward combatting contraband in the border region, which was one of the principal sources of income for the peasants during the Somoza period.

Upon seeing themselves affected by the closing of the borders, many of those peasants have become an important logistical support for the counter-revolution, providing information on EPS operational services, civil self-defense activities and troop movement.

In the municipality Los Limones, 1.5 km from the Honduran border and near Cinco Pinos, the peasants of the agricultural cooperative work the land with rifles on their backs, as do those in charge of the poultry farm. As in Vietnam, defense and production are closely linked and constitute the hub of the process of national reconstruction. "And what else are we to do?" responded Don Quinteros, a peasant from Los Limones whose family works in the agricultural cooperative. "At night they plunder our animals. They take from the corrals our oxen or whatever they find. During the day they kill our children. We must continue what we are doing. Not a step backwards and that is no lie. Not one step backwards. And do you know why? Because one becomes incensed when they take away what belongs to him. The bands killed one of my sons, Abel, in March of last year because he was a leader in the militias. I will stay here. What am I waiting for? For it to rain."

Finishing the tour, in Santos Tomas we encountered Candida Lopez reading. She is a member of the militia, is in charge of finances on the municipal committee, is a member of the women's association, the AMLAE, is a member of the defense committee and the mother of five children, all of whom are integrated into the revolution.

Like her, Vicenta Munoz Montoya, 66 years old, initiated her participation in the struggle after the triumph. At present there are more than 100 organized women in Santo Tomas.

At 1 am, during the revolutionary vigilance that occurs daily in every zone, Candida Lopez relates: "The truth is that we expect an attack at any time. There were others a few days ago when my house was shelled. Someone in a blue uniform was in command. They are right over there, beyond the river, just a few strides away. But we are waiting for them and they will not get through. And if they do they will not get out alive. They know it, for they are cowards who come as drug users just to kill peasants, because they cannot handle the army. No, during the Somoza period I did not study, I knew nothing and we were worse than animals. Now I can read and write. Do I see things differently? Now I understand the world, I know about everything. My children are also literate.... What I would like is that we continue to make progress, that we may fulfill more of our desires and also that our brother peoples may organize and that the women may put an end to the machismo that is the essence of dictatorships. I tell the women that even the men are capable of learning to treat us properly, but I think that is only possible with revolution. I also ask our brother peoples not to abandon us in this time of great difficulty. What is popular power to me? Candida glanced beyond the border, to the other side of the river. "Well, as for me, I have my rifle and my book," she answered, smiling.

9746
CSO: 3248/147

APRA SENATOR CRITICIZES 1983 BUDGET

Lima LA PRENSA in Spanish 10 Aug 82 p 2

[Text] American Revolutionary Popular Alliance (APRA) Senator Carlos Enrique Melgar, a member of the Congressional Bicameral Budget Committee, claimed yesterday that the draft budget sent by the Executive for the 1983 fiscal year is "deficitary, recessionary, unconstitutional and doubly inflationary."

In statements to reporters at Congress, Dr Melgar, in an initial report on the draft budget, indicated that it has a preliminary deficit of more than 700 billion soles.

He explained that revenues are pegged at 4.177 trillion soles, while expenditures are to exceed 4.75 trillion soles.

This deficit renders the Executive's draft budget unconstitutional, because it violates Article 197 of the Constitution, which says that "budgets whose expenditures are not balanced with revenues may not be presented."

Therefore, he noted, the Ministry of Economics and the Ministerial Cabinet should resolve the problem of the deficit in order to head off any "constitutional challenge."

The draft budget is doubly inflationary, he said, because more than 60 percent of the projected revenues come from indirect taxes (on consumption and production), and also because 50 percent of the total amount is earmarked for current expenses (payment of remunerations), approximately 36 percent for servicing the foreign debt, and only 16 percent for development projects.

8926
CSO: 3348/43

RESTRAINT IN BUDGET ALLOCATION PRAISED

Lima CARETAS in Spanish 31 Aug 82 pp 64-65

[Article by Humberto Li Verastegui]

[Text] The Central Government's draft budget has been a triumph for "fiscalist" Ismael Benavides, deputy minister of finance, over the traditional "expansionist" tendencies of all the other ministries.

Benavides was very cognizant of what happened last year, when the ministers and other agency chiefs told the Bicameral Budget Committee that they had been unable to defend their spending programs before MEFC [expansion unknown] officials. This time, the ministers participated actively. The vice-minister asked them to name a minimum amount (involving inevitable compromises) and give a real order of priorities to justify additional spending.

The procedure included a calculation of needs at real prices (not grossly inflated estimates).

Until the night of Wednesday, 18 August, the ministers displayed their best arguments in order to gain a larger share of the budgetary pie. But in the end, only 30 billion soles in top priority additional current spending (remunerations, goods and services) was allowed for all the sectors. On the other hand, 195 billion soles was added for new investments for all the sectors together.

As always, Defense and Interior had to swallow the bitterest pill. This time the real and essential spending needs of both sectors were calculated in terms of projected 1983 prices, to which was added the effect of recent wage raises granted to maintain the buying power of Armed Forces and Police salaries. The result, however, was lower than the overall requests put in by the Defense and Interior Ministries.

The 30 billion soles allocated to increase unavoidable current expenditure commitments covers requirements such as the automatic increase in the number of teachers, filling vacancies in judge and public prosecutor positions, and resources for the control of epidemic diseases. Obviously, all other requests went into the wastebasket on the ninth floor of the Ministry headquarters on Avenida Abancay.

If the amount earmarked for current expenditures in the present budget is compared with that of next year's budget, using estimated 1983 prices as a yardstick, it appears that Defense and Interior will obtain 20 percent more, while Education will get 21 percent more. These increases are balanced by "generalized reductions" in the majority of ministries and institutions, which as a whole will see a real decline in their current expenditure budgets of 55.418 billion soles.

Current spending for 1983 will experience a real increment of 8 percent; the servicing of the debt will rise by 4 percent, while investments and capital transfers will go down by 10 percent.

On the other hand, total investment will amount to 804 billion soles, of which 609 billion has already been committed to projects underway (37 percent for agriculture, 32 percent for highways, 6 percent for education, etc.).

For this reason, the new investment total represents a cut to some 195 billion soles. Of that amount, Education will take about 40 billion for school construction in order to cover part of the existing deficit. The innovative aspect is that the projects will be executed through the Departmental Development Corporations (CORDES), which will have some 25 billion to work with, and through Popular Cooperation (which will administer more than 11 billion).

Sanitation will also be given maximum regional priority. The CORDES will invest more than 45 billion soles in rural potable water projects, while Popular Cooperation will invest another 8 billion soles in the same area.

As for agriculture, priority is given to the Sierra region, including the creation of the Special Sierra South-Central Project, with nearly 6 billion soles. On the other hand, the large water projects with high per-hectare costs are being cut back.

The CORDES and Popular Cooperation will administer the projects (with 40 billion soles between them) in conjunction with the Ministry of Agriculture (with 50 billion soles, nearly all to be spent on small and medium irrigation projects).

With regard to highways, Popular Cooperation will invest 28 billion soles in roads, while the CORDES will put more than 47 billion into that area.

A significant cut (38 billion soles) was made in the Lima-Canete freeway project that had been proposed by Minister of Transportation and Communications Fernando Chaves Belaunde.

Benavides and the MEFC team concocted a very imaginative financial scheme to convince the president of the need to restrict investment. In that regard, four alternative investment packages were drawn up, with an overall cost of 635 billion soles each; another seven alternative packages were drawn up at a cost of 804 billion each.

The 635-billion packages entailed a real reduction of 29 percent below the current level, which would unleash a veritable crisis in all sectors: "An incredible recession," commented one MEFIC expert.

The economic team and the Council of Ministers agreed that the appropriate package was the so-called "balanced social" one, for 804 billion soles. It gives top priority to agriculture, education, sanitation and highways, but it decentralizes, through the CORDES and Popular Cooperation, the execution of the respective projects. It includes, as we have seen, 609 billion soles already committed to "old" projects, leaving only 195 billion for new investments.

Last Thursday night, Ulloa sent the aforementioned draft to Congress, where it was immediately transferred to the Bicameral Budget Committee chaired by Popular Action (AP) Deputy Luis Percovich. Percovich told CARETAS that "two subcommittees will be formed to examine the draft budget in terms of revenues and expenditures; another subcommittee will be designated to analyze the foreign debt, and eventually a fourth subcommittee will be formed to draw up a draft Annual Budget Act."

This represents another improvement over the current budget, for many members of the Bicameral Committee have said that Sandro Mariategui, the former chairman, used to work practically alone.

8926

CSO: 3348/43

NEED FOR EFFECTIVE MEASURES TO FIGHT TERRORISM UNDERLINED

Lima OIGA in Spanish 27 Sep 82 pp 14-16; 66

[Text] Although the World Volleyball Championship and the repercussions of the presentation of the Ulloa Cabinet to Parliament have dominated the headlines and public comment recently, terrorism did not lose its place as the most important--and worrisome--issue of the week, as it has been since the beginning of the constitutional government. This article, written on the basis of reports from our correspondent in Ayacucho and information obtained in Lima from reliable sources, provides an overall view of the most recent events related to the phenomenon whose true dimensions the government apparently is only now beginning to grasp.

The same week that the interior minister made his sudden and surprising call for a dialog with Shining Path in the department of Ayacucho the guerrilla organization was proceeding with its campaign of murders (which the leftist press prefers to call "executions"). The police, lacking logistical support, continued to be unable to control outbreaks of subversion. The government could not decide whether to implement the Internal Territorial Defense (DIT) program, and the death toll of terrorism victims climbed to 87 so far this year, 33 of them policemen. In another development, an OIGA reporter in Andahuaylas and Ayacucho obtained hitherto unknown details about the death of guerrilla Edith Lagos, which confirmed the report published by OIGA on the matter.

How Many More Must Die?

Last week four new murders shocked the public, which in its discouragement and indignation is wondering how many more police officers and civilians must die before the government decides to come to grips with the wave of subversion.

While citizens were still reeling from the impact of the crimes committed by an agent of the Peruvian Investigative Police (PIP) and two ranchers from Ayacucho the week before last, Shining Path was up to its old tricks: On Sunday 19 September another PIP agent was shot to death in the city of Ayacucho; in Lima on Monday the 20th a Civil Guard officer was killed while on duty at the embassy of the German Democratic Republic; on Wednesday the 22nd a teacher at a private high school in Pomacocha (Gangallo) was shot

twice in the head when a guerrilla command burst into the classroom and the instructor refused to read a "revolutionary proclamation" to his students; and the following day, Thursday, two peasants in the community of Chuschi (Cangallo) were shot after a "people's trial" was conducted by 30 Shining Path militants. Who knows how many other crimes have been committed in mountain villages while this edition was going to print; news takes a long time to reach the authorities and the press from such areas.

Surprise Statement

Wednesday the government declared a 60-day state of emergency in the province of Huamanga, bringing the number of provinces under emergency rule to four in the department of Ayacucho (Huamanga, Victor Fajardo, La Mar and Cangallo). Others also in a state of emergency are Andahuaylas, in the department of Apurimac, Lima and Callao.

The measure was not unexpected, but Friday many could not hold back an exclamation of surprise when Interior Minister Jose Gagliardi stated, after attending celebrations honoring the Virgen de la Merced, that he was willing to receive in his office "anyone who claims to be a representative" of Shining Path.

"The purpose," Gagliardi explained to journalists, "is to talk with them in order to avoid bloodshed among Peruvians and to find solutions to the country's problems."

During the weekend, analysts were still mulling over the minister's appeal, and one tabloid reflected the viewpoint of some citizens when it noted in its Saturday edition the "incredible naivete" of Gagliardi's statement.

But some observers remarked that the appeal made by the head of the Airports and Commercial Aviation Corporation (CORPAC)--which, incidentally, was presented strictly as a personal opinion and not that of the government as a whole--came after an extensive meeting Thursday with top police officials and the chiefs of the police and military intelligence services. Therefore, no one can rule out the possibility that Gagliardi's statement was part of an effort at psychological manipulation to show the citizens how generously and fairly the government is treating the guerrillas.

Effects of a Blunder

It is doubtful, however, that this "Colombian-style" formula (the government of that country has begun talks with the M-19 guerrillas) will have any impact in our country, especially considering the nature of Shining Path. It is composed of fanatic elements who reject any compromise with the "bourgeois regime" or with any form of electoral representation, and who--as can be discerned in the few published documents and statements made by some imprisoned members--are following in the nihilist footsteps of the Cambodian Khmer Rouge. Shining Path members are determined to use sword and fire to do away with anything related to "formal democracy," leftist parties included.

On the other hand, it is not very likely that the public will understand the significance of the minister's statement, if it was in fact a manipulative gesture and not simply a horrendous blunder, unforgivable for any interior minister in a moderately well-organized republic. It is more likely that this statement will contribute to the mood of bewilderment--at a time when the government keeps saying that it will eradicate subversion "at any cost"--and to the irritation of the police forces, who find it difficult to understand how a minister--the minister of the interior, no less--can call for a dialog with those who are murdering their comrades in arms and many defenseless civilians.

Impartial observers agree that at this time, rather than supposedly psychological manipulation, what is needed is effective action on the domestic front. The police have not yet been adequately equipped, and the oft-promised logistical support is not forthcoming. To cite one example: in Ayacucho a single Peruvian Air Force helicopter constitutes the entire air support. Moreover, the number of policemen assigned to combat subversion is so small that it cries out for military reinforcement.

DIT!

Observers also feel that the government's tactics amount to "sparring" with Shining Path, which appears to have mounted a typical "long war" against the regime. This is a case of the well-known "war of attrition," used for centuries in all parts of the globe. Under these circumstances, the overall response must be immediate; otherwise we would be playing into the hands of the subversives.

And although for the moment it would appear that the police forces are enough to combat terrorism and the guerrillas (over the weekend they reportedly captured the murderers of the Civil Guard officer who was guarding the GDR embassy, and less than a month ago they broke up a Sendero cell in Ica, whose members were remanded to the Judicial Branch last Friday), it is certain that the police can do very little on their own to combat subversion. They are more than efficient in terms of follow-up. Any fingerprint is enough for our policemen to go on to capture the culprit (it is fear of this effective police "follow-up" that prompts terrorists to ensure that the bodies of their dead do not end up in the hands of the forces of order; as has happened in recent cases, they savagely sever the fingertips of dead Sendero members and kick out their teeth).

For this reason, according to observers, it is curious that so far, despite the gravity of the situation, the government has resisted implementing the Internal Territorial Defense (DIT) program, especially considering that entire regions of Ayacucho and Andahuaylas have been practically occupied by the guerrillas--they call them "liberated zones"--taking advantage of the scarcity, or total absence in some places, of police forces.

(It may be recalled that the DIT is a national security provision currently in effect that authorizes the president of the republic, in case of internal

danger, to authorize the formation of a unified, nationwide command of military and police forces under the direction of a military chief designated by the Joint Command, who is to assume responsibility for anti-guerrilla operations.)

Analysts believe that unless this mechanism is adopted (it is perfectly legal and compatible with the Constitution), and unless the infiltration and intelligence-gathering efforts of the specialized services are enhanced, the subversives will continue to gain strength and erode that of the government; and what is worse, they will continue to claim innocent victims.

Four Burials of Edith Lagos, "Black List"

Meanwhile, our roving correspondent reports from Ayacucho that that city is living in a climate of terror because of the appearance on Wednesday the 15th of a notice containing a list of 33 people whom Shining Path has sentenced to death "for betraying the cause of the people."

The list was found at the main market of Ayacucho, located near the Santa Clara Church (where a mass was held for Edith Lagos), and contained the names of public officials, political and military leaders, professors and the mayor of the city. The two PIP agents who were murdered in the past 2 weeks were also on the Shining Path list. Curiously, the number of people "sentenced" corresponds to the 33 churches that are found in Ayacucho.

These reports of a "black list" were confirmed to our correspondent by a public official who was threatened with death himself, and who saw the list in question and talked to President Belaunde about it last Wednesday.

In addition, the OIGA reporter, who investigated the case in Ayacucho and Andahuaylas, obtained from very reliable sources some previously unknown details about the circumstances of Edith Lagos' death. In essence, they confirmed the report published by OIGA when the event took place.

The Shining Path guerrilla was killed by a group of Republican Guards dressed in mufti, in a battle during which Julio Cesar Mezzich, one of the most important leaders of the subversive organization, was also reportedly injured. (For more information on Mezzich, see OIGA No 71.) The events took place as follows:

Ambush

On Friday 3 September, an hour's drive away from the city of Andahuaylas, a van, apparently a public service vehicle carrying several Republican Guard officers in civilian dress, was stopped by a group of armed guerrillas. (The officers were dressed in mufti because they were looking for a fugitive from the CRAS in Ayachucho who was reportedly in the area; as a precaution, however, they were not unarmed.)

The guerrillas were near a van that had been stopped along the road, driven by social worker Marc Willems Van Cauwenverge and his wife, both members of

the Belgian Anton Spinoy Melinas Foundation. Their participation in the episode has not yet been fully explained. A couple from the armed group approached the vehicle carrying the officers and commanded them to get out. The police officers got out of the back of the van, brandishing their weapons as they did so. They immediately opened fire on their attackers. The woman, who tried to flee, was killed in a burst of machine gun fire (later it was learned that she was Edith Lagos), and the man (whose description matches that of Mezzich) was apparently injured; but he jumped and slid down a small slope on the side of the road.

Retreat and Search

After the first shots were fired, the lieutenant commanding the Republican Guards took the wheel of the vehicle the subversives had seized from Van Cauwenverge. But soon the police officers' fire was returned by the armed men who had not approached the van, whereupon the police decided to retreat. When they arrived in the city of Andahuaylas, they notified the authorities, and immediately an artillery helicopter was sent to patrol the area. Meanwhile, several contingents from the Republican Guard (GR), the PIP, and the Civil Guard (GC) arrived by land.

The supposedly injured terrorist was not located, nor were the other assailants. But after a few hours' search, one of the patrols found, hidden under dry branches and straw, the body of the young woman who had been killed during the confrontation. Her comrades had buried her hastily a few kilometers from the place where she fell. (As we have said, the terrorists try in every way to prevent their dead from falling into police hands.)

Two More Burials

The body was taken to the morgue at Andahuaylas, where it was seen by the interior minister and his entourage (see OIGA No 92) on Saturday the 4th. Gagliardi identified her visually, and a few hours later confirmation came from Lima: the comparison of fingerprints left no doubt about the body's identity.

After remaining in the morgue for 2 days, Edith Lagos was buried in a common grave.

But when news of the case reached President Belaunde, he felt that Edith Lagos deserved a Christian burial, so the body was moved from the common grave to a niche in the Andahuaylas cemetery. That was the guerrilla's third burial.

Final Resting Place

By that time, the guerrilla's family had made its wishes known, and once again the president intervened. He said that Edith Lagos' parents could not be denied the right to dispose of their daughter's body. Thus, the coffin was transferred to the city of Ayacucho. After a tense day when the guerrilla's body was displayed like a banner of agitation, Edith Lagos was buried for the fourth and final time in the Ayacucho cemetery.

BRIEFS

ELECTIONS FOLLOW U.S. LINE--(Luis Pereira), member of the GAU, unifying action groups [grupos de accion unificadora] of Uruguay, has said that the elections which the Uruguayan regime is preparing follow the U.S. policy line of institutionalizing de facto regimes under military tutelage. During an interview with Radio Havana, (Pereira) said that there will be no democracy in his country as long as thousands of patriots remain in jail, individual freedoms are violated and the political parties, which represent the true aspirations of the people, are discriminated against. He said that the broad front's instructions to vote blank represent an attitude of opposition to the maneuvers of the dictatorship and its foreign masters. Finally, (Pereira) extolled (Hector Rodriguez), the GAU leader, who has been in jail since 1973 and maintains a dignified and firm attitude despite torture and humiliation. [Text] [PA092051 Havana International Service in Spanish 1800 GMT 9 Nov 82]

TRADE FIGURES REPORTED--Montevideo, 30 Oct (AFP)--The Central Bank reported in Montevideo today that the deficit in the Uruguayan trade balance dropped from \$274,721,000 to \$120,129,000 during the first 6 months of 1982. According to the report, exports totalled \$544.69 million and imports amounted to \$664,819,000 during this same period. [PY042100 Paris AFP in Spanish 1225 GMT 30 Oct 82]

IDB LOAN--On 29 October, the IDB granted a \$15 million loan to the Latin American Confederation of Savings and Credit. The loan, which will be earmarked for savings and credit cooperatives in the region, will be shared by 10 Latin American countries. Uruguay will receive \$1.5 million and will earmark it for small enterprises in the agricultural and industrial sector. [PY310112 Montevideo Radio El Espectador Network in Spanish 1600 GMT 29 Oct 82]

CSO: 3342/90

JOSE VICENTE RANGEL CRITICIZES ADMINISTRATION FOREIGN POLICY

Caracas EL NACIONAL in Spanish 13 Oct 82 Sec D p 7

[Text] Yesterday, New Alternative's presidential candidate, Jose Vicente Rangel, declared: "We are isolated and without allies in the claim for the Esequibo territory; we have shown ourselves to be misinformed, perplexed and internally divided; we must stop, and reflect on what is happening."

He added: "The government must make corrections, and implement changes in the direction and orientation of the foreign policy. At the same time, the opposition must make its contribution of sound judgment and dependability. There should be an appeal for a great national consultation, something like an emergency, that will make it possible to unify opinions regarding what should be done; but without allowing that consultation and search for agreement to be distorted with merely bureaucratic implementation. It is time to reclaim the unity of the country."

Rangel considers this necessary because we have been accumulating failures, owing to the deplorable performance of our foreign policy.

"We have been compounding defeats as a result of a contradictory policy, and a lack of creative spirit, manipulated by the participation of different levels of direction and varied inspirations therein."

He claims that the Venezuelan diplomacy before Napoleon Duarte's electoral setback in El Salvador and the Malvinas conflict had a different quality from the present one.

"But that change was never a result of a correction; nor was the country given an explanation of what had occurred. It is not worth the trouble to list the contradictions committed by this government in foreign policy; one need only mention Cuba and El Salvador."

According to Rangel, Venezuela is isolated with regard to its most important diplomatic issue: the Esequibo claim.

"We lack allies. For obvious reasons, neighbors such as Colombia and Brazil are not on our side; the English-speaking countries are on the side of Guyana; Great Britain backs Burnham; and the United States is playing a game that is inclined toward the Guyanese."

He thinks that what has just occurred concerning the postponement of our entry into the Non-Aligned Countries Movement is sufficiently telling:

"We have failed again, by not studying the situation carefully, by not having previously developed a policy aimed at decisive factors. If the situation was uncertain, we ourselves should have put off our ambition for entry, and not have sought a defeat. Now we find ourselves in a position that is rather unfavorable for the country's interests, in contrast to a small nation which has been acting very skillfully and seizing initiatives."

Rangel proposes that the arrogance be abandoned and that it be made everyone's patriotic duty to give proper treatment to a problem which is become more complicated every day.

"We run the risk of foiling the aspirations of retrieving the Esequibo territory. If we are actually consulted, I am willing to make my contribution, insofar as I am able."

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JORGE OLAVARRIA DISCUSSES TERRITORIAL DISPUTE, NAM

Caracas EL NACIONAL in Spanish 13 Oct 82 Sec D p 3

[Text] "We have reached a stalemate, the legal lacuna of the Geneva Accord, for which there is no time period and in which we could become bogged down indefinitely," stated Cause R's presidential candidate and the editor of the magazine RESUMEN, Dr Jorge Olavarria, in commenting on the status of the negotiations with Guyana to recover the territory of Esequibo.

"If the Protocol of Port-of-Spain had not been signed, we would have gained the time that we are now losing. The Guyanese response definitively and unappealably confirms the decision condemning that signing."

Olavarria is of the opinion that it is contradictory to accuse Guyana of "delaying tactics," because it was the party currently in the government, the candidate who aspires to be president and the foreign minister now in the Casa Amarilla who, behind the country's back, signed a "protocol" which froze the claim for 12 years.

"That, indeed, was delaying."

Olavarria gives a reminder that the Geneva Accord stipulated that, when the term of the Joint Commission had ended, the parties were to be urged to choose, "without delay," one of the methods of peaceful solution for controversies established in Article 33 of the United Nations' Charter. The parties had 3 months in which to do this.

"Those 3 months have now elapsed. Venezuela proposed negotiations, and Guyana rejected them, suggesting a court settlement. Inexplicably, the foreign ministry rejected the court settlement, seriously damaging the moral force of the claim; the selection of the method has reached a stalemate, and we must move on to the next stipulation in Article IV. The foreign minister was not adhering to the truth when he said that the matter 'would now go to the secretary general of the United Nations.' That was false, and now the stupidity has become obvious. What is actually proper is for both countries to agree on an 'appropriate' international agency to indicate the 'method' to them. Addressing the UN secretary general directly means missing the opportunity, and losing a period of time in which there is a lacuna wherein we could become bogged down forever.

"I must say that, much as it pains us, Guyana has the upper hand and Zambrano on the defensive. The foreign ministry is moving spasmodically, a result of the fact

that 12 years of protocol were insufficient to prepare for what we have been and are experiencing. We are acting ridiculously in the eyes of the international community."

With regard to Venezuela's interest in joining the Non-Aligned Movement, he said that he had no explanation.

"This group, headed by Fidel Castro, is nothing more than a charade. It made sense when Nehru, Nasser and Tito were its spokesmen. What could Venezuela do there now, after what Luis Herrera and Zambrano Velasco said about Cuba and Castro?"

Olavarria finds it quite consistent that Iraq was the country that proposed to put off the Venezuelan request for entry as an active member:

"Venezuela did not open its mouth to condemn the Sabra and Chatila massacres, making itself, along with South Africa, an accomplice by omission to this atrocity. Nor should we forget the show of the Iraqi spy: after having publicly expressed its contempt to the Iraqi Embassy, it left the matter there."

He described the direction of our foreign policy as stupid, inconsistent, contradictory, arrogant, lacking in realism and gross.

"If one adds to Zambrano's insolent manner the disgraceful travels of the finance minister, begging money for this rich-poor country, then we have the complete picture."

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COPEI, AD, MAS LEADERS DISCUSS POSTPONED MEMBERSHIP IN NAM

Caracas EL NACIONAL in Spanish 12 Oct 82 Sec D p 4

[Article by Elena Block]

[Text] The postponement of Venezuela's entry into the Non-Aligned Movement has evoked several comments. The most frequent is that citing a lack of diplomatic accuracy on the part of our foreign ministry. It is claimed not to have acted effectively.

Yesterday, we queried some spokesmen for the leading parties represented in Congress. We sought members of the Advisory Commission of the President of the Republic on the Guyana problem. Their opinions certainly did not coincide with one another very much.

Whereas COPEI [Social Christian Party], spoken for by Haydee Castillo de Lopez Acosta, feels that it was not a diplomatic setback, but rather the "postponing" of the Venezuelan application, Pedro Paris Montesinos (AD [Democratic Action]) and German Lairt (MAS [Movement for Socialism]) believe that there was, indeed, some failure on the part of the country's foreign policy.

Dr Castillo and Lairt think that Venezuela should insist on entry into the bloc. Nevertheless, Paris Montesinos believes that there should not have been so much alarm over the matter. "After all," he remarks, "with Venezuela's admission to the Non-Aligned Movement, the other countries belonging to the group stand to gain more than we do."

Venezuela Could Not Accept Pressure

Haydee Castillo said: "As I understand it, what occurred was a postponement until March for dealing with Venezuela's entry into the bloc, and our country accepted it. Guyana was setting terms for not being opposed, and this constituted pressure that was unacceptable to Venezuela. Furthermore, the decisions there must be made by consensus." The first vice-president of the Chamber of Deputies noted that this was not a failure for the Venezuelan foreign ministry, because the request was not considered. "Venezuela simply did not agree to have the discussion take place on the terms which Guyana wanted."

As we know, the foreign affairs minister, Jose Alberto Zambrano Velasco, claimed that Guyana had attempted "blackmail" for Venezuela's entry into the Non-Aligned Movement.

She concluded by saying: "However, I think that, from now until March, things will change, and will have made its proposals better and more fully. And, furthermore, Guyana will be exposed in the positions that it is attempting to maintain."

The Non-Aligned Should Not Become Involved With Guyana

Pedro Paris Montesinos began by explaining: "I don't think that this is really a problem that should be so worrisome; although I note that the government did not exert any preliminary pressure, as is customary in diplomacy."

He added: "I think that the holdup of Venezuela's admission to the Non-Aligned Movement should not be regarded as a victory for the dictator, Burnham, but rather as due to the contradictions afoot within the aforementioned bloc. I also think that the government was not cautious enough about making the public aware of Venezuela's interest in joining the group, from the diplomatic standpoint; in other words, the polls that are usually taken. As everyone knows, diplomacy is very subtle, and the countries are highly sensitive to the procedures used in a matter such as this. In my opinion, the procedure was very poorly handled."

The first vice-president of the Senate advised that Venezuela has a specific weight of its own, and that its entry into the Non-Aligned bloc "would give the other countries more benefits than it would give us."

He went on to say: "I do not approve of linking this situation created with regard to the Non-Aligned Movement with the problem of Esequibo. They are two different things, and there is no reason to think that the postponement of Venezuela's entry into the bloc was a victory for Guyana."

German Laiet remarked that a diplomatic setback did occur. "Now, the Venezuelan foreign ministry is paying for its lack of accuracy and consistency in handling our foreign policy."

The head of the MAS congressional faction recalled that the Non-Aligned Movement was founded many years ago (nearly 3 decades), and that it came into being as a reaction to the policy of blocs maintained by the United States and the USSR. He said that, despite the prestige gained by this group, Venezuela always preferred to remain an observer. "Now, after the Malvinas conflict, our country announced its entry, and met with the intransigent conduct of the government of Guyana, which would not like a Venezuelan rapprochement with the so-called Third World countries, especially those of Asia and Africa. There is no doubt that Guyana has an advantage over us with them, because it has belonged to the movement since it became independent, and has not only political ties, but ethnic, cultural and economic ones as well."

He noted that these reasons have hampered Venezuela's admission to the bloc which, as he sees it, would not have happened if our country had requested it earlier, "in a timely manner."

He commented: "I believe that Venezuela should insist upon its entry into the Non-Aligned Movement, because it is also a fact that there would be mutual benefit, both for us and for the members of the group. We expect Guyana to give in and, in any event, that the rest of the nations will not pay any heed to Burnham with his interest in obstruction."

In conclusion, Laiet remarked that it is likely that the position assumed by President Herrera's government toward Central America and the Caribbean has also had an influence on the postponement of our entry into the Non-Aligned Movement. "Nevertheless, there is now an intention to make amends, since the conflict over the Malvinas. The policy toward Central America has changed somewhat, and the easing of tensions with Cuba has also started, although very slowly."

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